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# **REPORT ON LOCAL BUDGET MANAGEMENT PERFORMANCE 2011: LOCAL BUDGET INDEX (LBI)**

**Findings of a Study of Local Budget Management Performance in  
20 Kabupatens and Cities Participating in the *Kinerja* Program**

**Seknas FITRA**

**The Asia Foundation**

**Jakarta May 2012**

**Translated into English by Denis Fisher**

# Acknowledgements

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Thanks to hard work and support from all concerned, the 2011 report on Local Budget Management Performance (KiPAD for short) is finally complete. The report is the result of cooperation between the National Secretariat of the Indonesian Forum for Budget Transparency (Seknas FITRA) and The Asia Foundation, with support from the Kinerja office of USAID. It has been put together by a team from Seknas FITRA—coordinated by M. Maulana and including Yuna Farhan, Ahmad Taufik and Hadi Prayitno—and an Asia Foundation (TAF) team led by Erman Rahman and including R. Alam Surya Putra, Hari KUSDARYANTO and Frida Rustiani.

The Report is based on findings of fieldwork undertaken by many people in 20 local government areas scattered throughout four provinces, as follows: 1) Aceh: Ruslaidin (Simeulue), Saiful Bismi (Aceh Singkil), Nasrudin (Southeast Aceh), Idrus Saputra (Bener Meriah), Askhalani (city of Banda Aceh), verification of data: Baihaqi; 2) West Kalimantan: Joni Rudwin (Sambas), Ros (Bengkayang), Yayan Putra (Sekadau), Demanhuri (Melawi), Didik Suprpta (city of Singkawang), verification of data: Faisal Riza; 3) East Java: Quddus Salam (Tulungagung), Hadi Makmur (Jember), Nurhadi (Kab. of Probolinggo), Mashudi (Bondowoso), Januar Luthfi (city of Probolinggo), verification of data: Dahkelan; 4) South Sumatra: Anwar Razak (Bulukumba), Nilawati (Barro), Madjid Bathi (Luwu), Akil Rahman (North Luwu), Agus (city of Makassar), verification of data: Sudirman.

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# Glossary of Abbreviations and Terms

(Compiled and inserted by translator)

APBD (or APBD murni)	<i>Anggaran Pendapatan dan Belanja Daerah</i> —regional (local) government budget as approved
APBD-P	<i>Anggaran Pendapatan dan Belanja Daerah (Perubahan)</i> —revised local government budget
Bappeda	<i>Badan Perencanaan Pembangunan Daerah</i> —local development planning agency
BPK	<i>Badan Pemeriksa Keuangan Republik Indonesia</i> —national Audit Board
BPKD	<i>Badan Pengelolaan Keuangan Daerah</i> —local government financial management office
BOSP	<i>Biaya Operasional Satuan Pendidikan</i> —operating costs of educational units
Budget planning year	calendar year immediately before year of budget being prepared
CSIAP	Civil Society Initiative against Poverty
CSO	civil society group/organization
DPA	<i>Dokumen Pelaksanaan Anggaran</i> —budget implementation document (required of each SKPD (see entry below)
DPA SKPD Pen/Kes/PU	<i>Dokumen Pelaksanaan Anggaran Satuan Kerja Peringkat Daerah/Pendidikan/Kesehatan/Pekerjaan Umum</i> —budget implementation document of the local government departments of education/health/public works
DPRD	<i>Dewan Perwakilan Rakyat Daerah</i> —regional (local) legislative assembly; the legislative wing of government at the provincial, kabupaten and city level
Dusun	lowest administrative level within an Indonesian village. See RT and RW
FGD	Focus group discussion
FoI	freedom of information, provided for in Indonesia by UU KIP (see entry below)
GBRI	Gender Sensitive Budget Initiative
HoG	head of (local) government
ILPPD	<i>Informasi Laporan Pelaksanaan Pemerintahan Daerah</i> —information on regional governance implementation report. See also LPPD.
Inpres	<i>Instruksi Presiden</i> —Presidential instruction
Kabupaten	Local government area below the level of province and equal in status to a city.
Kecamatan	sub-district: administrative level immediately below kabupaten and city
Kinerja	The name of a Jakarta-based program (office) funded by USAID to help improve governance and public service delivery
KiPAD	<i>Kinerja Pengelolaan Anggaran Daerah</i> —Local Budget Management Performance
KTP	Kartu Tanda Penduduk—residency ID card
Kota	City—local government area below the level of province and equal in status to kabupaten.
KUA-PPAS	<i>Kebijakan Umum Anggaran–Prioritas dan Plafon Anggaran Sementara</i> —General Budget Policies—Provisional Budget Priorities and expenditure levels
Laporan Realisasi Smt I	<i>Laporan Realisasi Semester I</i> —report on implementation of local budget (APBD) for the first semester.
LKPD	<i>Laporan Keuangan Pemerintah Daerah</i> —Local Government Fiscal Report
LKPJ	<i>Laporan Keterangan Pertanggung Jawaban</i> —Accountability Information Report
Local government	any sub-national government (provincial, kabupaten and city) ( <i>pemerintah daerah</i> )
LPPD	<i>Laporan Penyelenggaraan Pemerintahan Daerah</i> —Regional Governance Implementation Report
Musrenbang	<i>Musyawarah Perencanaan Pembangunan</i> —community consultations on development planning
Perda	<i>Peraturan Daerah</i> —local government regulation

Perkada	<i>Peraturan Kepala Daerah</i> —head of local government (HoG) regulation
Perkada Penjabaran APBD	<i>Peraturan Kepala Daerah Penjabaran APBD</i> —head of local government regulation on detailed implementation of local budget
Perkada Penjabaran APBD-P	<i>Peraturan Kepala Daerah Penjabaran APBD-Perubahan</i> —head of local government regulation on detailed implementation of the revised local budget
Penjabaran APBD	Outline of local government budget (less detailed than DPA (see entry above))
PIK	<i>Pagu Indikatif tingkat kecamatan</i> —indicative funding figures at sub-district level
PKK	Pemberdayaan Kesejahteraan Keluarga—empowerment of family welfare
Pokja	<i>Kelompok Kerja</i> —working group
Posyandu	<i>Pos Pelayanan Terpadu</i> —integrated health post (at village or kecamatan level)
PP	<i>Peraturan Pemerintah</i> —central government regulation
PPID	<i>Pejabat Pengelolaan Informasi dan Dokumentasi</i> —Office for the Management of Information and Documentation (Freedom of Information (FoI) office)
PTSP	<i>Pelayanan Terpadu Satu Pintu</i> —one-stop-shop for (government) services
PUG	<i>Pengarusutamaan Gender</i> —gender mainstreaming
Region	any sub-national area (particular government areas: provinces, kabupaten and cities)
Regional government	any sub-national (local) government: province, kabupaten or city
Renstra SKPD Pemda	<i>Rencana Strategis Satuan Kerja Peringkat Daerah Pemerintah Daerah</i> —strategic plans of local government departments
RAPBD	<i>Rancangan Anggaran Pendapatan dan Belanja Daerah</i> —draft local government budget
RAPBD-P	<i>Rancangan Anggaran Pendapatan dan Belanja Daerah (Perubahan)</i> —draft revised local government budget
RKA	<i>Rencana Kerja dan Anggaran</i> —Budget and Work Plans
RKPD	<i>Rencana Kerja Pemerintah Daerah</i> —local government work plans
RT	<i>Rukun Tetangga</i> —neighborhood group: administrative area within a village, consisting of several dusun
RW	<i>Rukun Warga</i> —citizens group: administrative area within a village, consisting of several RTs
SEB	<i>Surat Edaran Bersama</i> —joint (ministerial) circular letter (a form of government regulation)
Sekda	<i>Sekretaris Daerah</i> —regional secretary: head of local government secretariat
SKPD	<i>Satuan Kerja Peringkat Daerah</i> —local government department (work unit)
SOPs	Standard Operating Procedures
Sub-district	<i>Kecamatan</i> : administrative level immediately below kabupaten and city
TAF	The Asia Foundation
TAPD	<i>Tim Anggaran Pemerintah Daerah</i> —local government budget team
Tim ARG	<i>Tim Anggaran Responsif Gender</i> —gender-responsive budget team
ULP	<i>Unit Pelayanan Pengadaan</i> —service supply unit
UU KIP	<i>Undang Undang No. 14/2008 tentang Keterbukaan Informasi Publik</i> —law on Freedom of Access to Public Information (FoI)

# Chapter I

## Foreword: Measuring Financial Management Performance in *Kinerja* Regions

### A. Introduction

**Government budgets—both State budgets (APBNs) and local government budgets (APBDs)—are important instruments used by government to determine national and regional development priorities.** Indeed, it could be said that government budgets mirror political decisions taken jointly by the executive and legislative wings of government. Such decisions necessarily have a big impact on community living standards: depending on the extent to which resultant budgetary expenditure brings benefit to people—especially for the poor and women—in the form of better public services. In short, budgets are yardsticks for measuring the extent to which governments govern for the people.

**The KiPAD research project was the brainchild of a network of NGOs who then developed the idea and implemented it as a means of monitoring and evaluating local government budget performance.** With support from The Asia Foundation (TAF), Seknas FITRA has carried out KiPAD studies since 2009. In that year and again in 2010, the study encompassed 42 kabupatens (districts) and cities in Indonesia and involved 28 civil society networks, including NGOs, other community groups and tertiary level research units.

**The research’s overall aim has been to assess the extent to which principles of good governance (transparency, participation, accountability and gender equality) are being integrated into local budgetary processes.** More specifically, it has aimed to provide feedback to local governments to help them lift their budget management performance across all phases of the budgetary cycle. By looking at this report, local governments will be able to tell to what extent their budgetary processes are in accord with requirements outlined in the study and will hopefully be inspired by innovative practices put in place by other governments. We also hope that the central government will treat the study as a chance to have a fresh look at national policies for improved sub-national budget performance throughout Indonesia. NGOs too should be able to use KiPAD as a resource for their advocacy work, particularly on budgetary issues—especially pro-poor budgeting in areas studied.

This report—coordinated by Seknas FITRA and supported by TAF and USAID’s *Kinerja* Program—incorporates findings of research on budget management in 20 kabupatens and cities for the 2011 fiscal year. It focuses on four stages of the budgetary cycle: 1) planning: which involves various local government activities preparatory to the drafting of annual local budgets; 2) discussion: at this point local governments discuss and reach decisions on budgets they have drafted; 3) implementation: this phase sees local governments carrying out approved budget programs in accordance with allocated funding; and 4) public accountability: at this point governments render an account of implemented budget programs and expenditure.

### Budget management cycle encompassed four stages:

1. Budget planning
2. Budget discussions
3. Budget implementation  
and
4. Budget accountability

## B. KiPAD's Methodology

*This KiPAD is an evidence-based assessment of key documents and principal activities relevant to the management of budgets in three sectors: health, education and public works.* It looks at 21 specific documents spread across all four stages of the budgetary cycle. The study's assessments measure the extent to which existing law is being observed and evaluate local government initiatives aimed at delivering public services especially for the poor, women and the marginalized.

*Four principles of good governance—transparency, participation, accountability and gender equality—are used as bases for assessments made in this study.* These principles inform the study's analysis of the entire budgetary cycle from planning through to accountability. Assessments were based on the following indicators:

- **Transparency:** This refers to efforts by local governments to make information publicly available in a systematic way at each stage of the budgetary cycle. Three indicators were used to measure transparency: availability of and access to budget documents; openness of budget management processes; and institutionalization of freedom of information (FoI) procedures as required by Law No.14/2008 concerning Freedom of Access to Public Information (known as UU KIP).
- **Participation:** This refers to involvement of civil society in decision making at every stage of the budgetary cycle. It was measured by: availability of mechanisms for participation; the number of community members participating in such mechanisms; existence of local government regulations guaranteeing community participation; and the level at which budget policy decisions were taken.
- **Accountability:** This refers to the extent to which local governments render an account of their management of budgets to both local legislative assemblies (DPRDs) and the public generally. Indicators used to measure it included: the method used to submit accountability reports; timeliness of completion/adoption of budget documentation; institutionalization of mechanisms for the supply of goods and services; and findings of national Audit Board (BPK) reports on local finances.
- **Gender Equality:** This refers to efforts by local governments to provide space for the poor and women to take part in the budgetary cycle. The following indicators were used to measure their success rate: the extent to which participation of such groups was specifically considered and provided for at each stage of the budgetary cycle given their particular situation and standing in society; the availability of mechanisms to manage their participation; and the existence of local regulations guaranteeing such participation.

### 1. KiPAD Research Instrument and Scoring System

*This KiPAD's survey instrument contained 101 questions.* Every question addressed one or other of the issues studied, namely: transparency (44 questions), participation (15 questions), accountability (20 questions) and gender equality (22 questions). The survey instrument was divided into three sections: Section I: availability of and access to 21 budgetary documents in each local government area; Section II: adequacy of budgetary information contained in those documents; and Section III: quality of budget management processes.

*Available choices under each question were allocated a value (with the lowest score being 0 and the highest 100).* Each question carried the same weight, which *ipso facto* meant that each local government area scored between 0 and 100 for each question. That made it easy for the reader to compare and contrast the score of one region with that of another.

An area's overall "index of good governance (KiPAD)" was calculated by taking the average of the answers to all 101 questions. Other indices—for transparency, participation, accountability and gender equality—were calculated in the same way.

## 2. **Reliability and Validity**

*The survey instrument's reliability was supported in three ways.* Firstly, a verification tool was used to minimize measurement errors. In technical terms, this meant that a verifier evaluated an assessor's answer on the basis of evidence advanced and assessed whether that evidence was sufficient to justify the answer given. If the evidence was judged to be insufficiently strong, the assessor was required to look for additional verification to support claims in an answer. The re-verification of an answer could be accompanied by an "inter-rater reliability" test.

*A second source of support for our research instrument's reliability is the "split-half test".* For a research instrument containing 101 questions like this one, it is more appropriate to use the split-half test than the so called Chronbach's Alpha test. The latter is sensitive to the number of questions asked, whereas the split-half test produces a correlation of 0.731 between two sections of the instrument. That can be regarded as a strong correlation.

*A third source of support for the survey form's reliability comes from calculation of Chronbach's Alpha coefficients in the imaginary situation where the survey's 4 dimensions—Transparency, Participation, Accountability and Equality, each with its 4 cycles (Planning, Discussion, Implementation and Accountability)—are regarded as distinct research instruments.* Table 1.1 contains the resulting Alpha coefficients. As can be seen, all instruments have a solid level of reliability and, even in the case of the lowest Alpha coefficient (accountability); the coefficient can still be regarded as moderate.

**Table 1.1 Reliability of Dimensions and Cycles**

<b>Instrument</b>	<b>Total No. of Questions</b>	<b>Chronbach's Alpha</b>
Transparency	42	0.911
Participation	15	0.793
Accountability	16	0.575
Gender Equality	25	0.877
Planning Cycle	28	0.779
Discussion Cycle	24	0.862
Implementation Cycle	28	0.827
Accountability Cycle	18	0.824

## 3. **Index Categorization**

*This KiPAD categorizes the performance of local government areas studied as "very good", "good", "adequate" or "poor" under the various headings studied.* These categorizations were arrived at on the basis of expert judgment: Specifically, researchers answered every question in the questionnaire



and made judgments about what answers they would have expected to receive from governments in each of the four categories. For example, on question No.1 concerning public access to Local Government Work Plans (RKPDs), researchers would take the view that, given this document's importance, a "very good" government would grant access to it within 1-10 days, a "good" government within 11-17 days and an "adequate" one sometime after 17 days. By contrast, in response to question No. 79 on the timing of local governments' submission of revised local budgets (APBD-Ps) to DPRDs, a "very good" performance would have submitted the document before October, while submission during October would be regarded as "good" or "satisfactory".

*This method of categorization was assessed as being superior to one that arbitrarily attributed values to differing performance levels.* Use of "expert judgment" allowed researchers to apply their knowledge to local situations and to make judgments based on existing regulatory requirements. By contrast the "arbitrary values approach" was regarded as not sufficiently sensitive to differing local dynamics or the extent to which local situations measured up to the ideal. Table 1.4 allocates values to various categories within the KiPAD index.

**Table 1.2 Categorization of Ratings of Areas Studied**

Category	Index rating Transparency	Index rating Participation	Index rating Accountability	Index rating Equality	KiPAD Index Overall Rating
V. good	84.17–100	77–100	94.33–100	89.40–100	85.98–100
Good	67.98–84.16	66.33–76.99	76–94.32	71.40–89.39	69.85–85.97
Adequate	50.24–67.97	52.33–66.32	50.67–75.99	57.20–71.39	52.42–69.84
Poor	0–50.23	0–52.32	0–50.66	0–57.19	0–52.41

#### **4. KiPAD Data Compilation Mechanisms**

*Three mechanisms were used to compile data used to fill in the KiPAD research instrument: access to budget documents; interviews; and Focus Group Discussions (FGDs).* Attempts to access budget documents were based on provisions of UU KIP, specifically the following three principles:

1. Every citizen has a right to information. That means that requests for information cannot be deflected on grounds that a person seeking information is a non-resident of the area of responsibility of the public institution approached.
2. Information on planning and budgeting is required to be made available or periodically published by public institutions. That includes providing copies of documents containing information on planning and budgeting.
3. Public institutions are obliged to provide information sought within timeframes laid down in UU KIP.

*Attempts to gain access to required information were carried out personally where feasible, or on an institutional basis in cases of local governments with limited or no knowledge of UU (KIP) procedures.* Efforts were firstly directed at locating versions of required information that had already been published by local governments on websites and in other ways. If those efforts failed, assessors resorted to sending letters requesting local governments to provide the desired information; letters were directed to institutions with control over information sought. Sections of the research instrument on access to budgetary information could not be completed purely on the basis of interviews or FGDs. Overall, access was sought to 21 different types of budget documents for KiPAD 2011 (see Table 1.1).

**Table 1.3 Documents Studied for KIPAD 2011**

<b>Planning Phase Documents</b>	<b>Discussion Phase Documents</b>	<b>Implementation Phase Documents</b>	<b>Accountability Phase Documents</b>
<ul style="list-style-type: none"> <li>Local government work plans (RKPD)</li> <li>Work plans of three local government departments (SKPDs) studied: education, health &amp; public works</li> </ul>	<ul style="list-style-type: none"> <li>Basic Budget Policies (KUA) and provisional budget priorities &amp; funding levels (PPAS)</li> <li>Budget and work plans of 3 SKPDs studied: education, health &amp; public works</li> </ul>	<ul style="list-style-type: none"> <li>Local government regulations adopting local budgets (APBDs)</li> <li>Local head of government (HoG) regulations outlining details of APBDs</li> <li>Budget implementation checklists (DPA) for 3 SKPDs studied: education, health &amp; public works</li> <li>Local government regulations adopting revised local budgets (APBD-P)</li> <li>Local HoG regulations providing details of APBD-Ps</li> </ul>	<ul style="list-style-type: none"> <li>Reports on first semester budget outcomes</li> <li>Local regulations on accountability of APBD implementation</li> <li>Information on reports on implementation of local governance (ILPPD)</li> <li>Reports on implementation of local governance (LPPD)</li> <li>Local government accountability report (LKPI)</li> </ul>

*The second section of the research instrument was completed on the basis of an examination of the adequacy of information contained in budget documents.* Documents examined were obtained via a formal legal process in accordance with UU KIP. Responses in Section II could only encompass documents made available to assessors.

*Information for Section III was compiled in three ways: examination of documents; interviews with stakeholders; and FDGs.* Interviews were used as verification tools in cases where documents or other written material could not be used for that purpose. Interviews were held with personnel in government institutions controlling the information sought.

*To guard against subjectivity, information obtained from local government institutions was cross-checked with other stakeholders.* Thus information obtained from local government bureaucracies was only a starting point, because it had to be confirmed by other community-based stakeholders.

**Key Sources of Information for KiPAD 2011**

- Local development planning agencies (Bappeda)
- Program planning sections of local SKPDs responsible for education, health and public works
- Local finance management offices (BPKD) or local government budget teams (TAPD)
- Sessional secretariats of DPRD
- Other relevant officials such as local HoGs, regional secretaries (Sekda), assistants and heads of SKPDs

*FGDs were used to confirm some data in the study's provisional findings.* Such discussions involved relevant stakeholders: local governments, NGOs and civil society groups such as women and academics.

### C. KiPAD's Location

*This KiPAD study was conducted in 20 local government areas (kabupatens/cities) spread over 4 provinces: Aceh, East Java, West Kalimantan and South Sulawesi.* The areas chosen were all Kinerja-USAID program areas. Four local governments were chosen from each of the provinces (Illustration 1.1)

**Graphic1.1 Areas Studied in KiPAD 2011**



*Note: "Kota" before a place name= "city of"; place names without "kota" are kabupatens.*

## Chapter II

### Performance in Transparency of Local Budget Management

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***The Indonesian Constitution guarantees every Indonesian citizen's right to information.*** Article 28 of the Constitution reads: "Every person shall have the right to communicate and to obtain information for the purpose of self development and the development of his/her social environment, and shall have the right to seek, obtain, possess, store, process and convey information by employing all available channels."

***The right to information is spelt out more fully in Law No. 14/2008 on Freedom of Access to Public Information (UU KIP).*** One of the principal purposes of UU KIP is to guarantee citizens' rights to be informed about the various aspects of public policy making, including: planning for public policy formulation; details of programs based on public policy decisions; processes around public policy formulation; and reasons behind the adoption of public policies<sup>1</sup>. Because of this right, every public institution has an obligation to act upon public requests for information; and to make public information under its control available to those seeking it<sup>2</sup>; and/or to publish such information, unless the information sought is exempt from release. Information so released must be accurate, truthful and not misleading.<sup>3</sup>

***UU KIP also clearly spells out the timeframes applicable to meeting requests for information.*** Public institutions are allowed 17 working days in which to respond to those lodging requests for information. According to Section 22 of UU KIP, all public institutions should acknowledge or respond to requests for information within the space of 10 working days at the latest. They can delay responses by a maximum of 7 working days, provided they send a written explanation to the person seeking the information. Those not receiving information sought can lodge letters of complaint to which public institutions are required to respond within 30 days. Thus the maximum time allowed for public institutions to respond to requests is 47 days. If a public institution fails to respond in that timeframe, the person seeking information can lodge a letter of complaint with the Public Information Commission (KIP).

The following formal provisions of Indonesian law require that budget management processes be transparent:

1. Article 23 of the 1945 Constitution: "The State Budget, as the basis of the management of state funds, shall be determined annually by law and shall be implemented in an *open* and accountable manner in order to best attain the prosperity of the people"
2. Section 3 paragraph (1) of Law 17/2003 concerning State Finances: "The State's finances shall be managed in an orderly way, in accordance with the provisions of law, efficiently, economically, effectively, *transparently* and accountably, keeping justice and propriety front and centre."
3. Section 5 of Law No. 10/2004 concerning Enactment of Enabling Legislation: "The

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<sup>1</sup> Section 3 of UU KIP

<sup>2</sup> *ibid.* Section 1 (12): Persons seeking information shall be Indonesian citizens or Indonesian legal entities lodging requests for public information.

<sup>3</sup> *ibid.* Section 7

formulation of enabling regulations issued to implement legislation must be based on sound principles including clarity of objectives, appropriate institutional arrangements, consistency of content, ability to be implemented, ease of use, outcomes-focused, clarity of formulation and *transparency*".

4. Section 23 paragraph (2) of Law No. 32/2004 concerning Regional Governance: "The management of regional government finances referred to in paragraph (1) shall be conducted efficiently, effectively, *transparently*, accountably, correctly, justly, appropriately and in conformity with law.
5. Section 4 of Government Regulation No. 58/2005 concerning Management of Regional Government Finances: "Regional finances shall be managed correctly, in accordance with law, efficiently, effectively, *transparently* and accountably, keeping in mind principles of justice, propriety and being of benefit to the people.

***Planning and budgetary information have both been categorized in law as information that is required to be made available or periodically published.*** This requirement has been laid down KIP Circular Letter No. 1/2011 that states: "Budget and Work Plans (RKAs) and Budget Implementation Checklists (DIPAs) are required to be made available or periodically published by government." The letter emphasizes that these documents are not confidential and should not simply be filed away by government; rather they are public documents which the general public should, and indeed has the right to, know about.

#### **A. Testing the Availability of Budget Documents**

***Of the 420 documents sought from 20 local governments studied, 410 were found to be in existence.*** The other 10 were still under discussion at the cut-off date for compilation of data for this study and thus could not be taken into account. The results of efforts to gain access to these documents fell into four categories: A) Documents existed and had already been published<sup>4</sup>; B) Documents existed and were able to be obtained upon request<sup>5</sup>; C) Documents existed but responses to requests for access were negative<sup>6</sup>; D) No responses to requests for access were received<sup>7</sup>.

***Researchers found that many of the planning and budget documents sought could not be accessed.*** 185 or 45% of the 410 documents on our "to get" list could not be accessed. Moreover, 35% (or 143) of our formal requests for documents received no response from governments. Our efforts gained us access to just 82 documents: a mere 20% what was sought. Of those 82, 73 were obtained by way of formal requests; the other 9 had already been published.

***Planning documents were not more readily available than documents on actual budgets.*** Among planning documents, only RKPDS were available in significant numbers (in 14 regions). This situation was different to the 2009 and 2010 experience: at that time KiPAD researchers found that planning documents tended to be more readily available than documents for other phases of the budget cycle.

***This study also showed that revised budgets (APBD-Ps) were more difficult to obtain than original APBD documents.*** We managed to obtain APBDs in 8 regions and APBD Outlines (Penjabaran APBD) in 9 regions. By contrast, APBD-Ps were accessible in only one region, the kabupaten of

<sup>4</sup> This category shows that budget documents were available without the need for a formal request, because the documents in question had already been published on websites (and downloadable in full) or in some other way (print media, newspapers, pamphlets etc.)

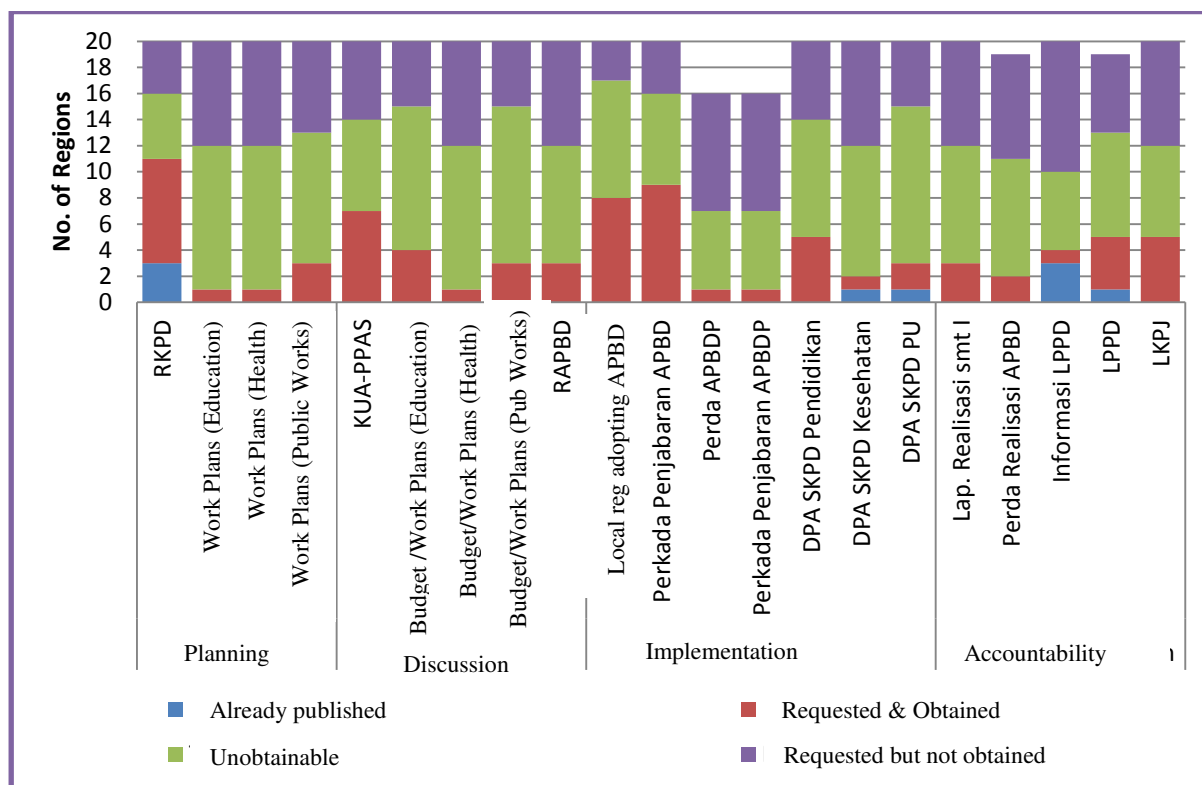
<sup>5</sup> This category shows that budget documents were obtainable by way of formal requests submitted to public institutions with control over them. Reflecting UU KIP's provisions responses to our requests are divided into three categories: a) obtained within 10 working days; b) obtained within 11-17 working days; and c) obtained within 18-45 working days.

<sup>6</sup> This category shows that budget documents were not available because requests for access were refused.

<sup>7</sup> This category shows that budget documents were not available because local governments simply did not respond to our requests.

Sambas: it alone made available both its APBD-P and its revised budget outline (Penjabaran APBD-P). In areas studied in South Sumatra—with the exception of Luwu kabupaten—it was not possible to establish the precise status of APBD-Ps and Penjabaran APBD-Ps because they were still under at the cut off point for compilation of data for this study.

*Graphic 2.1 Outcome of Efforts to Access Budget Documents*



*Note: in above graph. **RKPD**=local government work plans; **KUA-PPAS**=basic budget policies & provisional priorities and expenditure levels; **RAPBN**=draft APBD; **Perkada Penjabaran APBD**=HoG regulation outlining budget; **Perda APBDP**=local government regulation adopting revised APBD; **Perkada Penjabaran APBDP**=HoG regulation outlining revised APBD; **DPA SKPD Pendidikan**=education budget implementation checklist; **DPA SKPD Kesehatan**=health budget implementation checklist; **DPA SKPD PU**=public works budget implementation checklist; **Lap. Realisasi smt I**=report on first semester of implementation of APBD; **Perda Realisasi APBD**=local government regulation on budget realization; **Informasi LPPD**=Information on local governance report; **LPPD**=report on implementation of regional governance; **LKPJ**=budget accountability report.*

*Of the 21 different types of documents sought in each region, the ones most frequently published were ILPPDs (information on implementation of governance) and RKPDs (local government work plans)(Graph 2.1). The city of Probolinggo and kabupaten of Barru published both of these documents; the city of Banda Aceh published its RKPD; and the kabupaten of Bondoworso published its ILPPD. The city of Probolinggo went*

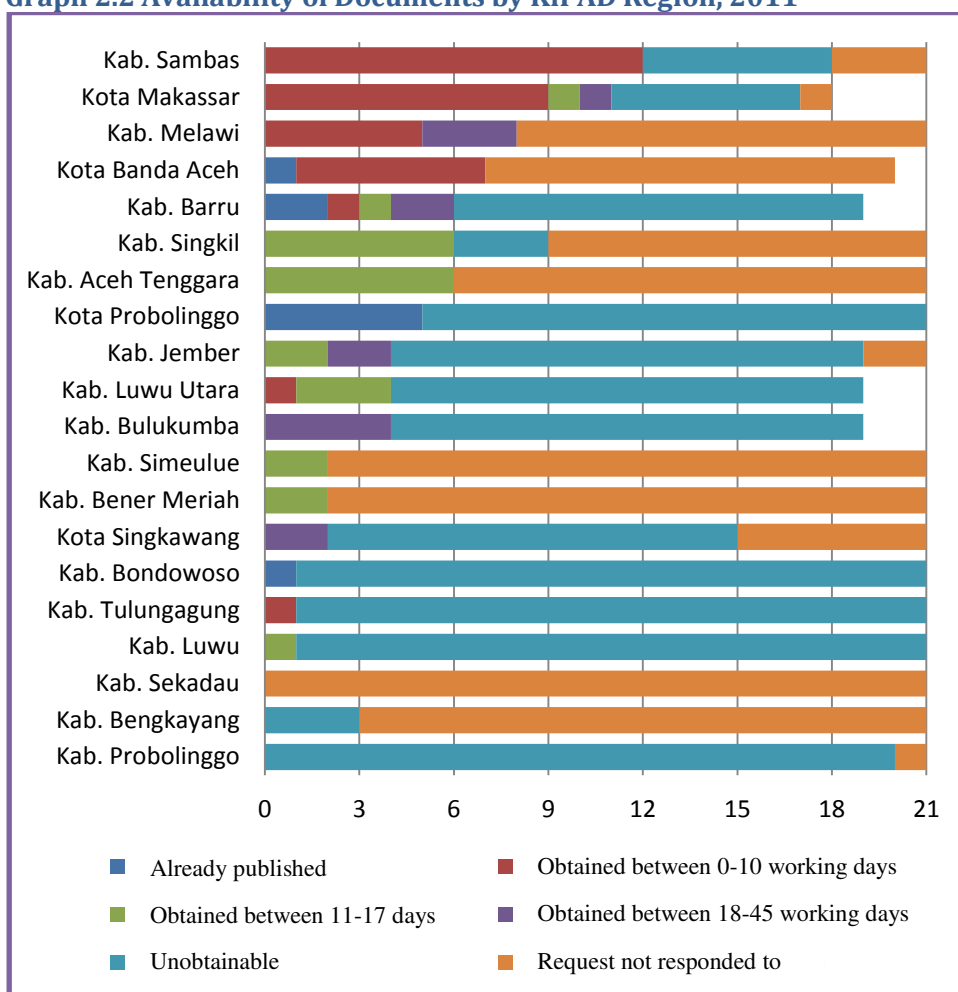


even further: in addition to its ILPPD and RKPD, it published budget implementation check lists (DPAs) for its departments of public works and health, as well as its local governance implementation report (LPPD).

*The poor success rate of our efforts to access targeted documentation was common to all regions except for the kabupaten of Sambas and the city of Makassar.* In these two regions, our requests elicited more than half the documents sought: 12 in Sambas and 11 in Makassar. This outcome contrasted starkly with other regions (graph 2.2).

*The nature of responses received to requests for access to documents varied across provinces.* In most areas in West Kalimantan and Aceh, documents were not forthcoming because requests for access were not responded to at all; but in most cases in South Sulawesi and East Java we were specifically denied access to documents requested.

**Graph 2.2 Availability of Documents by KiPAD Region, 2011\***



*\*) in some regions information was not available*

*Our formal requests for documents in the kabupatens of Bengkayang, Sekadau and Probolinggo produced a zero outcome.* In Bengkayang only three requests were acknowledged but even then no access to documents was granted; in Sekadau all requests simply went unanswered; and in Probolinggo one request was ignored while responses to the others did not result in any access to documents being granted. Bureaucracy was one reason for this outcome: not one single bureaucrat

was prepared to issue or hand over budget documentation without authorization from a more senior official.

#### D. Provision of Budgetary Information

*Graph 2.2 shows that access to documents granted in response to formal requests was generally provided within 10 days.* This happened in four regions: the cities of Banda Aceh and Makassar, and the kabupatens of Sambas and Melawi. 12 documents were made available in Sambas, 9 in Makassar, 8 in Melawi and 5 in Banda Aceh.

*The city of Probolinggo was found to be providing a useful service to its people by publishing five different budget documents.* But, unfortunately, not one single document beyond those five was made available in response to our formal requests. The same happened in the kabupaten of Bondowoso: it had already published one document but did not provide us with any other documents in response to formal requests.

*Few of the local governments studied had thus far put in place institutional mechanisms to service FoI requests—in particular offices for management of information and documentation (PPIDs) and standard operating procedures (SOPs).* Our study revealed that just four governments—the kabupatens of Bengkayang, North Luwu and Bulukumba and the city of Singkawang—had set up PPIDs, while five had drawn up SOPs for FoI services. Of all regions studied, only Singkawang had both a PPID and SOPs in place. By the cut-off date for compilation of data for this study, no region covered by KiPAD 2011 in the provinces of East Java and Aceh had set up a PPID (table 2.1).

**Table 2.1 Establishment of PPIDs and SOPs for FoI Services**

Province	Kabupaten/City	PPID Established	FoI SOPs in Place
South Sulawesi	City of Makassar		
	Kab. of Barru		√
	Kab. of Bulukumba	√	
	Kab. of North Luwu	√	
	Kab. of Luwu		
East Java	Kab. of Bondowoso		
	Kab. of Jember		
	Kab. of Probolinggo		
	City of Probolinggo		
	Kab. of Tulungagung		√
West Kalimantan	City of Singkawang	√	√
	Kab. of Sambas		
	Kab. of Bengkayang	√	
	Kab. of Sekadau		√
	Kab. of Melawi		
Aceh	City of Banda Aceh		√
	Kab. of Bener Meriah		
	Kab. of Southeast Aceh		
	Kab. of Simeulue		
	Kab. of Singkil		

*There were differences of opinion within regional bureaucracies about how to respond to formal requests for information.* In several cases, heads of local government work units (SKPDs) were prepared to provide documents sought but said their superiors—the local regional secretary (Sekda) or HoG—had forbidden them to do so. In other cases, HoGs said they were happy for the documents to be made available but the responsible heads of department (SKPD) refused to release them.

Lack of institutional arrangements for handling FoI requests impeded access to documents. Several



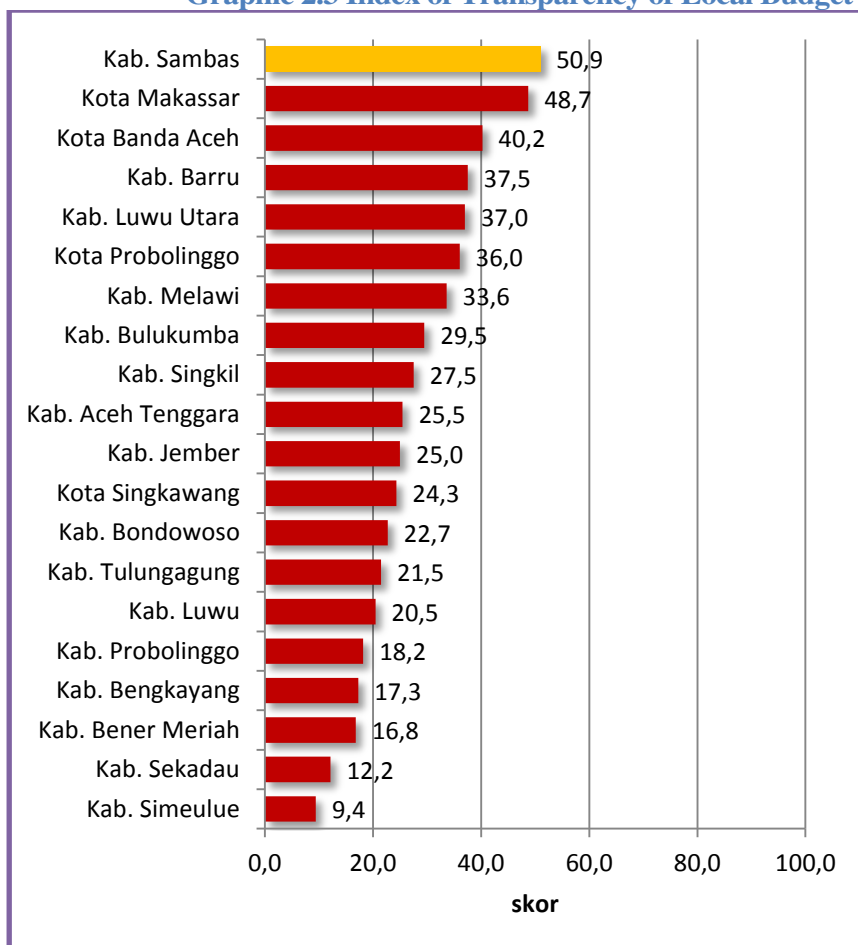
experiences during fieldwork indicated that the lack of PPIDs and FoI SOPs complicated the lodgment of formal requests for information. The end result was often refusal to hand over documents or receiving conflicting reactions referred to above. In several regions, researchers had to re-submit letters of request because original letters had gone missing. Such protracted processes relating to correspondence contributed to non-receipt of documents in Sekadau and Bengkayang kabupatens. In Probolinggo kabupaten requests for documents were turned down because the requester's residency ID card (KTP) showed that he was not a local resident. But UU KIP clearly states that the right of access to information belongs to every Indonesian citizen irrespective of background. One official in Melawi kabupaten did not supply a document requested on the grounds that his copy was held by his boss. Situations like this would be less likely to happen if institutional arrangements for handling FoI requests were in place.

**Fieldwork highlighted 5 factors contributing to poor success rates in obtaining budget documents:**

1. Regional governments were worried that documents would be abused: community groups often used budgetary information to “threaten” government in order to gain an advantage.
2. The New Order regime's bureaucratic culture was still in evidence: budget documents were regarded as state secrets that the people had no right to know about.
3. FoI services within regional bureaucracies depended on the degree of awareness of individuals: FoI processes were not yet institutionalized.
4. There were differing perceptions of the meaning of FoI within regional bureaucracies.
5. Personnel within regional bureaucracies kept changing.

### **C. Index of Transparency of Local Budget Management**

*The kabupaten of Sambas and the cities of Makassar and Banda Aceh occupy the top three places of the budget transparency index (graph 2.3).* Sambas' top ranking is supported by the number of documents it made available and the timeframe in which it did so: 12 documents within 10 working days of lodgment of requests. For their part, Makassar provided 11 documents and Banda Aceh 7. Although Melawi kabupaten provided one more document than Banda Aceh, the latter had FoI SOPs in place and was therefore ranked ahead of Melawi.

**Graphic 2.3 Index of Transparency of Local Budget Management**

Category	Score
Very good level of transparency	84.2–100
Good level of transparency	68–84.1
Adequate level of transparency	50.3–67.9
Poor level transparency	0–50.1

*All the regions covered in this study except Sambas kabupaten were ranked as having a poor level of transparency; Sambas—with a score of 50.9 (highest of all 20 regions)—was classed as having an adequate level of transparency. But it should be noted that Sambas too was way short of the ideal score of 100.*

*Two regions in Aceh—Simeulue and Bener Meriah kabupaten—and two in West Kalimantan—Sekadau and Bengkayang kabupaten—were ranked at the bottom of the index. Although Bengkayang had an FoI office (PDIP) and Sekadau had formulated SOPs for FoI processes, difficulties in obtaining access to documents in both kabupaten showed that procedures around provision of FoI services were not yet working properly. As for Simeulue and Bener Meriah, they made available just two of the documents sought: formal requests for the others were simply ignored by the two governments.*

## Chapter III

# Performance in Participation in Local Budget Management

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***Public participation is an important indicator of good governance.*** A participatory approach demands that government treats people as active participants in the development process and in budget management. This means that people should be involved in every decision making process. Government is also expected to provide ways and means to enable the public to provide inputs to government.

**Following are details of provisions in Indonesian law on public participation:**

1. Section 53 of Law No. 10/2004 concerning Enactment of Enabling Legislation reads: *“The people shall have the right to provide oral and written inputs for preparation and discussion of draft local government laws and regulations.”*
2. Section 139 of Law No. 32/2004 concerning Regional Governance reads: *“The people shall have the right to provide oral or written inputs for preparation and discussion of draft local government regulations.”*
3. Section 2 paragraph (4) point d, Section 5 paragraph (3), Section 6 paragraph (2) and Section 7 paragraph (2) of Law No. 25/2004 concerning Development Planning Systems stipulate that development planning shall make optimal use of the involvement of the people.
4. Section 103 of Home Affairs Ministerial Regulation No 13/2006 reads: *“Draft regulations concerning local budgets (APBD) shall be publicized to the public before being submitted to the local legislative assembly (DPRD).”*

***Performance in terms of public participation was assessed using three indicators:*** 1) availability of mechanisms for participation and the extent of public participation therein; 2) existence of regulatory guarantees on participation; and 3) the level of authority at which budget policies were adopted. These indicators were meant to facilitate a genuine examination of the extent to which the public was involved in every stage of the budget process.

Availability of mechanisms for participation was measured by the extent to which local governments took initiatives to put in place modes of public participation over and above those mandated by law. This study took the view that local governments and DPRDs should have been implementing eleven different mechanisms for public participation (graph 3.1). In addition to enumerating available modes of public participation, the study also looked at the degree to which the public was being involved therein—though it should be noted that in this study “the public” refers to just a few public groups. This study did not look into two aspects of public participation that some community groups regard as important: the quality of public inputs into budgetary processes and the extent to which those inputs are taken into account.

***To assess the extent of participation, the study considered the degree of participation of seven***

*sectors of the community.* The sectors, chosen as being representative of civil society because of their roles, expertise or particular needs, were: professional organizations; delegates to planning conferences (*musrenbang*); institutes of higher learning; non-governmental organizations; other civil society organizations; womens groups; and others (individual experts).

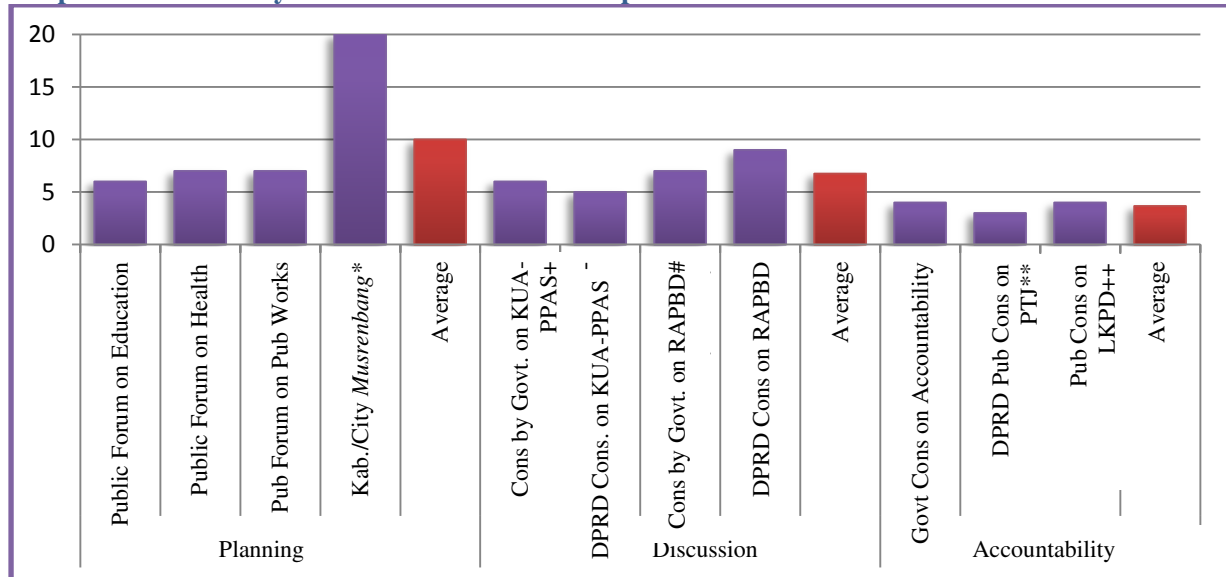
*The issue of the level of authority at which budget policies were adopted goes to the extent to which local governments are providing mechanisms which allow for community inputs to be genuinely taken into account in budget policies.* The specific mechanism referred to here is “indicative funding ceilings” (PIKs for short) used in *kecamatan* level *musrenbang*. Although PIKs are not yet specifically enshrined in national regulations on budget management, several regions—outside areas covered by this study—are already putting them into practice. The PIK mechanism gives the general public an opportunity to formulate budget proposals that accord with their actual needs. The amount of funding available for that purpose is pre-set by government on the basis of indicators such as population or poverty levels. This study regards PIKs as a sound mechanism worthy of replication.

#### **A. Availability of Mechanisms for Participation and Levels of Participation Therein**

*Graph 3.1 shows that, except for the musrenbang process, opportunities for the general public in regions studied to offer inputs into budget management processes were limited.* Public forums to discuss and formulate strategic budget documents were rarely held, even though such forums allow people to gauge the extent to which their suggestions are being accommodated within budget policies. This situation showed that the local governments studied were restricting public participation to well established and regulated forums like *musrenbang*; forums not specifically prescribed were rarely used. As mentioned above, Section 103 of Minister of Home Affairs Regulation No. 13/2006 stipulates that draft APBDs should be well publicized within the community *before* being submitted to DPRDs. But the regulation—which clearly implies that public forums on draft budgets should be held—is thus far being given scant attention by the local governments studied.

*Mechanisms for participation were more in evidence during planning processes than in other phases of budget management.* Ten of the regions studied had established mechanisms for public participation in planning processes; only seven had such mechanisms in place for the budget discussion phase; and just four for the accountability phase (graph 3.1). It is well known that planning discussions do not focus on budgetary allocations for planned programs/activities and that outcomes of planning processes are plans and no more. The shaping and adoption of policy on the funding of planned programs/activities does not begin until the discussion phase of the budgetary cycle and runs through to the accountability phase. The low level of public participation in these two phases—as opposed to planning—showed how few opportunities the public has to oversee budgetary processes.

*Graph 3.1 also shows that DPRDs held public consultations on draft APBDs more often than local government themselves.* But such consultations were not frequent. It must be said, however, that public consultations on draft budgets have an important purpose: double-checking on the extent to which public inputs on issues of importance to the general public have been included in draft APBDs.

**Graph 3.1 Availability of Mechanisms for Participation**

Note: in above graph, *\*musrenbang*=development planning conference; *+KUA-PPAS*=basic budget policies and provisional priorities and expenditure ceilings; *#RAPBD*=draft APBD; *\*\*PTJ*=accountability report; *++LKPD*=report on implementation of local governance.

**Regions studied in West Kalimantan and Aceh had established more mechanisms for public participation than regions in East Java and South Sulawesi.** In West Kalimantan, seven of the eleven participatory mechanisms being looked in KiPAD 2011 (table 3.2) were in evidence. In Aceh five of the eleven mechanisms were in use: in three regions all four mechanisms for participation in budget discussions were in place; but only one region had a consultative mechanism in the accountability phase, namely the city of Banda Aceh for its local governance report (LKPD).

**In East Java—with the exception of Bondowoso kabupaten—the only public budget forum in use was the development planning conference (*musrenbang*) process.** In Bondowoso, in addition to *musrenbangs*, there were public DPRD hearings on budget policies and priorities (KUA-PPAS) and public consultations on framing and discussion of both draft APBDs and local regulations on budgetary accountability.

**In South Sulawesi, the regions studied had participatory mechanisms in place for the planning phase but not for the other budget cycle phases.** Two of the governments studied—Barru and Luwu kabupatens—held *musrenbangs* but did not use the other three planning participatory mechanisms. But Barru stood out from the other four areas in South Sulawesi because its DPRD held public hearings to discuss the kabupaten's draft APBD.

Table 3.2 Available Mechanisms for Public Participation by Region

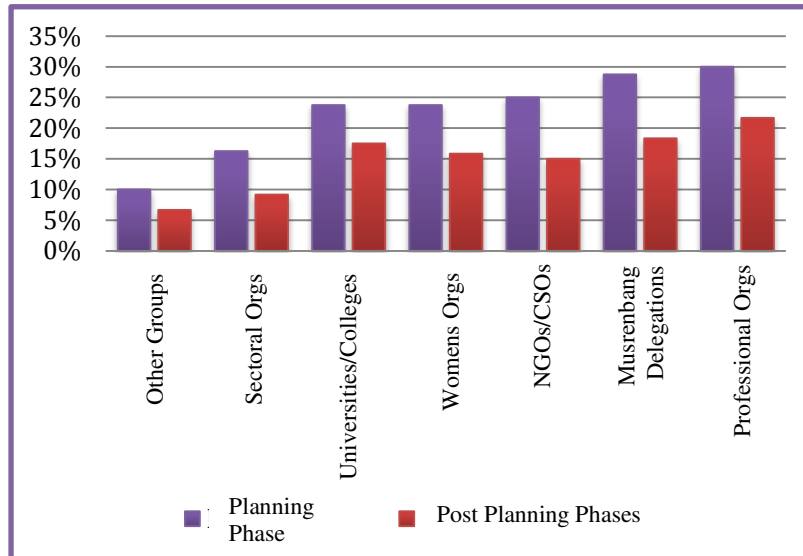
Province	Kabupaten/ City	Planning				Discussion				Accountability			Total
		Forum SKPD Pendidikan*	Forum SKPD Kesehatan**	Forum SKPD PU***	Musrenbang Kab/kota****	Konsultasi Publik Kua-PPAS (pemda)+	Konsultasi Publik Kua-PPAS (DPRD)++	Konsultasi Publik RAPBD (Pemda)+++	Konsultasi Publik RAPBD (DPRD)++++	Konsultasi Publik PTJ APBD (Pemda)#	Konsultasi Publik PTJ APBD (DPRD)##	Konsultasi Publik LKPD###	
South Sulawesi	City of Makassar	V	V		V								3
	Kab. of Barru				V				V				2
	Kab. of Bulukumba	V	V	V	V								4
	Kab. of North Luwu	V	V		V								3
	Kab. of Luwu				V								1
East Java	Kab. of Bondowoso	V	V		V		V	V	V	V	V		8
	Kab. of Jember				V								1
	Kab. of Probolinggo				V								1
	City of Probolinggo				V								1
	Kab. of Tulungagung				V								1
West Kalimantan	City of Singkawang			V	V	V	V	V	V	V	V	V	9
	Kab. of Sambas			V	V				V				3
	Kab. of Bengkayang		V		V					V		V	4
	Kab. of Sekadau			V	V	V		V	V	V	V		7
	Kab. of Melawi			V	V			V	V			V	5
ACEH	City of Banda Aceh	V	V	V	V	V	V	V	V			V	9
	Kab. of Bener Meriah	V	V	V	V	V	V	V	V				8
	Kab. of Southeast Aceh				V	V	V	V	V				5
	Kab. of Simeulue				V								1
	Kab. of Singkil				V	V							2
Total		6	7	7	20	6	5	7	9	4	3	4	

\*=public forum on education; \*\*=public forum on health; \*\*\*=public forum on public works;

\*\*\*\*=kabupaten/city level development planning conference.

+ =Public consultations by government on basic budget policies and provisional budget priorities and expenditure levels; ++ = public hearings by DPRD on basic budget policies and provisional budget priorities and expenditure levels; +++=public consultations by government on draft local budget (APBD); ++++=public hearings by DPRD on draft APBD;

#=public consultations by government on budget accountability; ##=public hearings by DPRD on budget accountability; ###=public consultations on report on implementation of local governance.

**Graph 3.2 Extent of Public Participation in Planning Phase & Post-Planning Budget Phases**

*Professional organizations were involved, to a greater extent than any other community group, in the eleven budget participation mechanisms studied in KiPAD 2011. The term “professional organizations” as used here means associations whose members have specific professional backgrounds: the Indonesian Teachers Union (PGRI) in the education sector; the Indonesian Doctors*

Association (IDI) or the Association of Midwives in the health sector; and contractors associations in the public works area. Institutes of higher learning—often thought to be most involved in regional development planning—along with womens groups came in fourth on the list of community groups participating most often in budget consultative mechanisms (graph 3.2). The listing of delegations to development planning conferences (musrenbang) in second place in graph 3.2 resulted from the numerous edicts—in central government guidelines and official circulars on budget management—about public participation in musrenbang.

***Participation of all community groups fell away after completion of the planning phase.***

This phenomenon points to budget management processes that invite the public to think about the framing of programs and activities; but excludes them from the process of determining budget allocations and critiquing budgetary spending when governments are rendering account of budget performance.

**The falling away of public participation after completion of the planning stage points to budget management processes that invite public input into pre-budget planning but exclude the public from any involvement in apportioning budget allocations.**

## **B. Regulatory Guarantees and Level of Authority for Fixing Budget Allocations**

***Local governments studied still generally depended on central government regulatory frameworks to promote participation in budget management processes.*** Few regions had produced their own local government regulations providing for specific forms of public participation reflective of local needs. Our researchers came across local government regulations (perda) on participation in the kabupatens of Bulukumba and Probolinggo and the city of Probolinggo (table 3.2). Four other regions had regulatory frameworks in place: in Sekadau kabupaten in the form of local HoG regulation (perkada); and in the city of Makassar and the kabupatens of Bondowoso and Singkawang in the form of HoG circular letters.



**Table 3.2 Local Government Regulations on Public Participation and PIKs**

<b>Region</b>	<b>Regulation on Public Participation</b>
Kab. of Bulukumba	No.10/2005 concerning Transparency and Participation in Governance of Bulukumba
Kab. of Probolinggo	No.13/2008 concerning Transparency and Participation in Development Planning
City of Probolinggo	No. 5/2003 concerning Participation of the Community

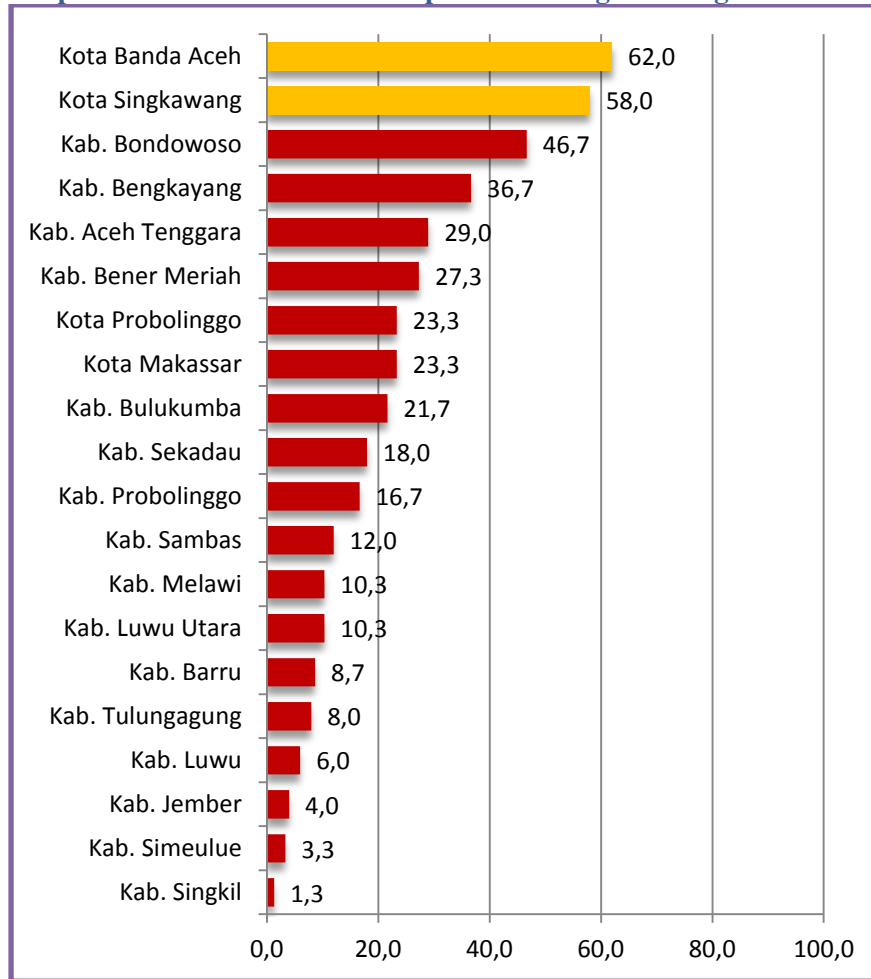
*We found that the same situation applied to determining levels of authority for fixing budget allocations.* Only five of the twenty regions studied—two in East Java (the kabupaten of Bondowoso and city of Probolinggo), two in West Kalimantan (the kabupatens of Sambas and Bengkayang) and one in Aceh (the kabupaten of Bener Meriah)—had put in place the PIK mechanism (indicative funding figures at kecamatan level), guaranteeing that community inputs on planning would be accommodated in budget allocations.

*It should be noted that not all regions with local regulations on public participation went the extra step of enshrining PIKs into local law.* Of the seven regions with local regulatory guarantees on participation referred to above, only two—the city of Probolinggo and kabupaten of Bondowoso— had also adopted regulations on the PIK mechanism. Researchers suspected that the intention of these regulations was not to integrate PIKs into local budgetary processes, but that the regulations were rather a simple a regurgitation of existing regulations. Their catalyst was not a specific local government initiative to ensure funding for community budget planning inputs. Indeed the regulations may have reflected an expression of political intent on the part of particular local HoGs that had not been incorporated into local government regulations; thus, with a change of HoG, it could not be guaranteed that PIKs would persist as part of local budgetary processes.

### **C. Index of Participation in Local Budget Management**

*The city of Banda Aceh is ranked first in the index of public participation in budget management, followed by the city of Singkawang (2<sup>nd</sup>) and the kabupatens of Bondowoso (3<sup>rd</sup>), Bengkayang (4<sup>th</sup>) and Southeast Aceh (5<sup>th</sup>).* Except for Bengkayang, these regions earned their top rankings because of the number of participatory mechanisms they had put in place and were using. Bengkayang's ranking was supported by its use of the PIK mechanism to guarantee a role for the general public in fixing budget funding allocations.



**Graph 3.3 Index of Public Participation in Budget Management**

Category	Score
Very good level of participation	77–100
Good level of participation	66.3–76.9
Adequate level of participation	52.3–66.2
Poor level participation	0–52.2

*At the bottom of the public participation index are the kabupatens of Singkil, Simeulue, Jember, Luwu and Tulungagung.* They are so ranked because musrenbang processes were their only mechanism for public participation; and they had no local regulations in place guaranteeing public participation in budgetary processes.

*Almost all regions were rated as having a poor level of public participation: the only exceptions being the cities of Banda Aceh and Singkawang—both assessed as being adequate.* But even these two regions were not ideal examples of the principle of participatory budget management because their score was way below 100.

## Chapter IV

# Performance in Accountability of Local Budget Management

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***The principle of public accountability requires that local governments should be held to public account for every policy they implement (including budget management policies). After all, ordinary people are the rightful beneficiaries of government policies.*** This principle requires that those responsible for implementing government policies and programs should be transparently accountable to those affected by what they do. It is, after all, the latter group that is entitled by right to know how government policies and programs have been carried out. Accountability also demands that a government agency be prepared to receive a critique of both its successes and failures in fulfilling its mission to achieve goals and targets set for it from time to time. Thus every government agency has the responsibility to render an account of its management of resources at every stage of the process (from planning, through implementation, to evaluation).<sup>8</sup>

Accountability is mandated by law. Indonesian legal provisions on accountability are:

1. Article 23 of the 1945 Constitution: “The State budget, as the basis of the management of State funds, shall be determined annually by law and shall be implemented in an open and accountable manner in order to best attain the prosperity of the people.”
2. Section 3, paragraph (1) of Law 17/2003 concerning State Finances: “The State’s finances shall be managed in an orderly way, in accordance with the provisions of law, efficiently, economically, effectively, transparently and accountably, keeping justice and propriety front and centre.”
3. Section 23, paragraph (2) of Law No. 32/2004 concerning Regional Governance: “The management of regional finances referred to in paragraph (1) shall be conducted efficiently, effectively, transparently, accountably, correctly, justly, appropriately and in conformity with law.”
4. Section 4 of central government regulation PP No. 58/2005 concerning Management of Regional Finances: “Regional finances shall be managed correctly, in accordance with law, efficiently, effectively, transparently and accountably, keeping in mind principles of justice, propriety and being of benefit to the people.”

***Performance in the area of accountability was measured by the timeliness of both production of local budget documents and of decisions taken on them; the nature of mechanisms in place for the supply of goods and services; and Audit Board (BPK) reports.*** Timeliness of production

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<sup>8</sup> See Max H Pohan’s, *Mewujudkan Tata Pemerintahan Lokal yang Baik (Good Governance) dalam Era Otonomi Daerah*, a paper presented to the third round of “large-scale consultations” on development in the area of Musi Banyuasin, Sekayu, 29 September–1 October 2000.

of and decision making on budget documents was chosen as measure because lack of timeliness of budget documentation and delays in overall budget management have the effect of slowing down both implementation of programs and delivery of public services. To assess timeliness researchers looked at the timing of submission of five documents to DPRDs; and the timeliness of adoption into law of three particular documents.

### A. Timeliness

*Provisions of law clearly outline timeframes local governments have to abide by both for submission of budget documents to DPRDs and for final adoption of budget documents.* The purpose of having deadlines for submission of documents to DPRDs is to ensure that DPRDs have enough time to exercise their budgetary and oversight functions. Deadlines for final adoption of budget documents are set to prevent rushed implementation of budgets—potentially leading to misappropriation of funds and delays in delivery of public services. Table 4.1 summarizes timeframes for submission by local HoGs of budget documents to DPRDs as set down in budget law.

**Table 4.1 Regulatory Framework for Submission of Budget Documents to DPRDs**

Document	Submission Timeframe	Relevant Regulation
KUA-PPAS	June-July of budget planning year	Sections 86 and 87 of Home Affairs Minister regulation No. 13/2006
Draft APBD	First week of October of budget planning year	Section of Home Affairs Minister regulation No. 13/2006
Draft Revised APBD	Second week of September of current budget year	Section 172 of Home Affairs Minister regulation No. 13/2006
First Semester Implementation Report	End of July of current budget year	Section 293 of Home Affairs Minister regulation No. 13/2006
Accountability Report (LKPD)	Before June of the year after realization of preceding budget	Section 298 of Home Affairs Minister regulation No. 13/2006

*Details of the three budget documents studied to assess timeliness of their adoption are provided in flowing table:*

**Table 4.2 Regulatory Framework on Final Adoption of Budget Management Documents**

Document	Time of Adoption	Relevant Regulation
<b>Local Government Work Plans (RKPD)</b>	End of May of budget planning year	<ul style="list-style-type: none"> <li>Section 33 of central government regulation PP 58/2005</li> <li>Section 82 of Minister of Home Affairs regulation No. 13/2006</li> </ul>
<b>Local Budget (APBD)</b>	Beginning of December of budget planning year	<ul style="list-style-type: none"> <li>Section 45 of central government regulation PP 58/2005</li> <li>Section 104 of Minister of Home Affairs regulation No. 13/2006</li> </ul>
<b>Revised Budget (APBD-P)</b>	October of budget year in train	<ul style="list-style-type: none"> <li>Section 172 of Minister of Home Affairs regulation No. 13/2006</li> </ul>

*There is a crowded schedule of budgetary discussions from June to December in the budget planning*

**year.** Local governments and local DPRDs together discuss and approve Basic Budget Policies (KUA), Provisional Budget Priorities and Expenditure Levels (PPAS) and draft budgets (APBD) containing program priorities and funding allocations. In accordance with Home Affairs Minister regulation No. 13/2006, regional governments are required to have prepared Local Government Work Plans (RKPD) by the fourth week of May. Then, within the space of a week—that is by the second week of June—they have to produce draft KUAs based on their RKPDs and submit them to DPRDs for discussion. Two weeks is permitted for that discussion, because KUAs have to be finally adopted by the first week of July at the latest (Table 4.3).

**Tabel 4.3. Schedule for Discussion and Final Adoption of Budget Documents During Budget Planning Year**

Month	Week			
	I	II	III	IV
June	Drafting of KUA*	KUA submitted to DPRD	Discussion of KUA	
July	Final adoption of KUA	PPAS** submitted to DPRD	Discussion of PPAS**	Final adoption of PPAS
August	Preparation of RKA# SKPD##			
September	Preparation of RKA SKPD (contd.)		Preparation of draft APBD	
October	RAPBD^ submitted to DPRD	Discussion of RAPBD		
November	Discussion of draft APBD (contd.)			
December	Final adoption of APBD	Evaluation of APBD by provincial ogvernment and Ministry of Home Affairs		

Source: Adapted from Home Affairs Minister regulation No. 13/2006 concerning Guidelines for Management of Local Budgets`

\*=Basic budget policies; \*\*=Provisional priorities and expenditure ceilings;

#=budget and work plans; ##=local government work unit/department;

=draft local budget (APBD)

**Following adoption of their Basic Budget Policies, local governments are required to submit Provisional Budget Priorities and Expenditure Levels (PPAS) to DPRDs by the second week of July and conclude discussions of them with DPRDs by the fourth week of July.** At that point, local governments and DPRDs sign an agreement based on endorsed KUAs and PPASs that becomes the reference point for the composition of local SKPDs' Work and Budget Plans (RKA). Those completed RKAs become building blocks for draft local budgets (RAPBD). To allow maximum opportunity for discussion of RAPBDs, local governments are required to submit them to DPRDs by the first week of October at the latest. Provided governments and DPRDs reach agreement on RAPBDs, they should be finally approved as APBDs by the first week of December.

**Our research revealed that the local governments surveyed had relatively poor records in meeting deadlines for submission of budget documents to DPRDs.** In general, DPRDs only received KUA-PPASs during or after September of the budget planning year. That circumstance reduced the time available for DPRDs to discuss the documents: in the kabupatens of Bulukumba, North Luwu and Bondowoso, where DPRDs received KUA-PPASs two months later than the set deadline, that meant that very little time was left, because their attention had to turn to RAPBDs submitted in October; in the kabupatens of Barru, Luwu, Bengkayang, Sekadau and Bener Meriah, late submission of KUA-PPASs actually delayed submission of RAPBDs until after November.

**Table 4.4. Timeliness of Submission of Documents by Region**

Province	Region	Time at which DPRD Received Budget Documents				
		KUA-PPAS	RAPBD	RAPBD-P	1 <sup>st</sup> Semester Realization Report	LKPJ
South Sulawesi	City of Makassar					
	Kab. of Barru					
	Kab. of Bulukumba					
	Kab. of North Luwu					
	Kab. of Luwu					
East Java	Kab. of Bondowoso					
	Kab. of Jember					
	Kab. of Probolinggo					
	City of Probolinggo					
	Kab. of Tulungagung					
West Kalimantan	City of Singkawang					
	Kab. of Sambas					
	Kab. of Bengkayang					
	Kab. of Sekadau					
	Kab. of Melawi					
Aceh	City of Banda Aceh					
	Kab. of Bener Meriah					
	Kab. of Southeast Aceh					
	Kab. of Simeulue					
	Kab. of Singkil					

Explanation of colors: Red=nowhere near set time; Yellow=around set time; Green=At set time; White= N/A.

*In Bulukumba kabupaten and the city of Probolinggo discussion of draft revised budgets (RAPBD-Ps) for the fiscal in train year and the draft budget (RAPBD) for the ensuing year took place almost simultaneously.* DPRDs in these two regions only received RAPBD-Ps in November. Nonetheless, Probolinggo city gave priority to discussing its RAPBD-P to ensure its adoption; and then managed to adopt its APBD during December of the budget planning year. For its part, Bulukumba considerably underspent its budget because its RAPBD-P was only submitted to the DPRD in December—the month for adoption of its ensuing year’s budget (table 4.5). DPRDs in the cities of Makassar and Banda Aceh and in the kabupatens of North Luwu and Sambas worked hard on adoption of budgets throughout October: each region had a pile of work to do, including simultaneous discussion of two key budget documents. That said, each region managed to adopt its APBD in December; as for APBD-Ps, Banda Aceh and North Luwu adopted theirs in October; Sambas one month after the deadline; and we could not establish when Makassar adopted theirs.

**Table 4.5. Timeliness of Submission and Adoption of Budget Documents by Region Studied**

Province	Regions	Submission of RAPBD	Adoption of APBD	Submission of RAPBDP	Adoption of APBDP
South Sulawesi	City of Makassar				
	Kab. of Barru				
	Kab. of Bulukumba				
	Kab. of North Luwu				
	Kab. of Luwu				
East Java	Kab. of Bondowoso				
	Kab. of Jember				
	Kab. of Probolinggo				
	City of Probolinggo				
	Kab. of Tulungagung				
West Kalimantan	City of Singkawang				
	Kab. of Sambas				
	Kab. of Bengkayang				
	Kab. of Sekadau				
	Kab. of Melawi				
Aceh	City of Banda Aceh				
	Kab. of Bener Meriah				
	Kab. of Southeast Aceh				
	Kab. of Simeulue				
	Kab. of Singkil				

Explanation of colors: Red=nowhere near set time; Yellow=around set time; Green=At set time; White= N/A.

*In six regions studied—the city of Singkawang and kabupatens of Barru, Luwu, Bengkayang, Bener Meriah and Southeast Aceh—draft budgets (RAPBD) were submitted late to DPRDs but were nonetheless adopted by the required deadline.* Within about a month, governments and DPRDs of these regions managed to agree and adopt their budgets in time to meet the December deadline. Revised budgets (APBD-P) did not fare so well: eight regions were late in adopting them; and two of those 18 did not adopt them until the last month of the fiscal year (December). This finding supports the view that the Ministry of Finance's regional government incentives scheme has had a positive impact on timeliness of adoption of budget management documents.

## **B. Mechanism for Supply of Goods and Services**

*7 regions studied—the kabupatens of Barru, Bulukumba, North Luwu, Jember, Simeulue and Singkil, and the city of Banda Aceh—had established service supply units (known as ULP) for the supply of good and services.* The other 13 continued to entrust supply of goods and services to processes managed by individual local government departments (SKPDs).

Table 4.6. Patterns of Supply of Goods and Services

Region	Institutionalized Arrangements	Tender Process				Black List of Banned Companies		Standard Prices for Goods
	Service Supply Units (ULP)	Advertised on websites	Advertised in the Media	Advertised on Notice Boards	Conducted online	In situ and publicized	In situ but not publicized	
City of Makassar		V					V	V
Kab. of Barru	V	V						V
Kab. of Bulukumba	V	V					V	V
Kab. of North Luwu	V	V			V		V	V
Kab. of Luwu		V					V	V
Kab. of Bondowoso		V						V
Kab. of Jember	V	V						V
Kab. of Probolinggo		V						V
City of Probolinggo		V						V
Kab. of Tulungagung			V					V
City of Singkawang		V						V
Kab. of Sambas		V						V
Kab. of Bengkayang		V						V
Kab. of Sekadau		V			V			V
Kab. of Melawi			V				V	V
City of Banda Aceh	V	V			V	V		V
Kab. of Bener Meriah		V						V
Kab. of Southeast Aceh		V						V
Kab. of Simeulue	V	V						
Kab. of Singkil	V	V						V

*All but two of the regions studied advertised tenders for goods and services on their websites: only the kabupatens of Tulungagung and Melawi used the media.* Nonetheless, only three of those regions—the kabupatens of North Luwu, Sekadau and Melawi—used online procedures for the entire tender process. In the case of the other 15, bidders were still required to come to local government offices or units managing tender processes.

*Only the city of Banda Aceh had published a black list of companies barred from tendering for the supply of goods and services.* Five other regions—the city of Makassar and kabupatens of Bulukumba, North Luwu, Luwu and Melawi—had black lists in place but had not publicized them. Such black lists detail companies that have previously violated Presidential decision No. 56/2010 on the supply of goods and services. The purpose of making their blacklisting public is to enhance the quality of processes surrounding supply of goods and services, because problem companies are prevented from again taking part in the further supply of goods and services.

*Graph 4.6 also shows that all but one region—the kabupaten of Simeulue—had standard prices for goods to be supplied.* The purposes of standard pricing are to facilitate accurate budgeting and to ensure that prices included in budget appropriations reflect market prices. It is important therefore that standard prices for goods be revised every budget year to ensure they accord with changing market prices. Our study revealed that four regions—the kabupatens of Tulungagung, Sekadau, Melawi and Southeast Aceh—did not review their prices annually.

### C. Mechanisms for Issuing Permits

*All but five of the regions studied—namely the city of Makassar and kabupatens of North Luwu, Luwu, Jember and Simeulue—had one-stop-shops (termed PTSPs) for the issue of permits.* The purpose of PTSPs is to provide a permit issuing service which is quicker and more cost-effective than what has become the norm. Evidence in the literature indicates the use such one-stop-shops can lead to increased levels of investment that can in turn enhance an area's rate of economic growth and have a positive effect on its fiscal capacity<sup>9</sup>.

### D. Management of Education Funding

*Only 6 of the regions studied had local regulations in place on operating costs of educational units (BOSP for short):* covering the purposes for which funding was spent, and the recording and oversight of BOSP expenditure. The regulations in question took various forms: local HoG regulations in two regions—the cities of Probolinggo and Singkawang; local HoG decisions in three others—the city of Banda Aceh and kabupatens of Bondowoso and Bengkayang; and a circular letter in another—Simeulue.

### E. Audit Board Opinions and Potential Losses for Regions

*An examination of national Audit Board (BPK) reports on financial management of local governments in 2010 revealed that most regions in our study received “qualified opinions” (table 4.7).* Three regions—namely North Luwu, Tulungagung and city of Banda Aceh—managed to meet required standards and receive “unqualified opinions”. Three others—Barru, Bengkayang and Simeulue—received “disclaimer opinions”. And only one—Melawi—received an “adverse opinion”.

**Tabel 4.7. National Audit Office (BPK) Findings on 2010 Local Governance Reports**

Region	Audit Board Opinion			
	Unqualified	Qualified	Disclaimer	Adverse
City of Makassar		V		
Kab. of Barru			V	
Kab. of Bulukumba		V		
Kab. of North Luwu	V			
Kab. of Luwu		V		
Kab. of Bondowoso		V		
Kab. of Jember		V		
Kab. of Probolinggo		V		
City of Probolinggo		V		

<sup>9</sup> *Reform of Regional Permits and Development Services: Success Stories in Three Cities—Purbalingga, Makassar and Banjarbaru*, by Tirta Nugraha Mursitama, Desy Hariyati and Sigit Indra Prianto, MTI (Indonesian Transparency Society), 2010.



Region	Audit Board Opinion			
	Unqualified	Qualified	Disclaimer	Adverse
Kab. of Tulungagung	V			
City of Singkawang		V		
Kab. of Sambas		V		
Kab. of Bengkayang			V	
Kab. of Sekadau		V		
Kab. of Melawi				V
City of Banda Aceh	V			
Kab. of Bener Meriah		V		
Kab. of Southeast Aceh		V		
Kab. of Simeulue			V	
Kab. of Singkil		V		

*The BPK's findings pointed to cases of potential financial loss in all but two of the regions covered by our study—namely the city of Makassar and kabupaten of Southeast Aceh (table 4.8). In the other 18 regions studied, the BPK unearthed between 1 and 8 cases of irregularity per region causing potential losses of between Rp 17.13 million and Rp 1 263.3 million per region. The kabupaten of Melawi was the worst performer: 8 cases of irregularity involving Rp 1 263.83 with actual loss estimated at Rp 431.426 million—equivalent to 0.29% of the value of its local budget.*

**Table 4.8. Regional Losses as Proportion of Local Budget**

No	Region	Value (Rp m)	No. of Cases	APBD (Rp m)	% of APBD
1	Kab. of Melawi	1 263.83	8	431 426	0.29%
2	City of Banda Aceh	733.76	2	516 369	0.14%
3	Kab. of Bengkayang	620.35	2	466 188	0.13%
4	City of Singkawang	391.11	3	454 120	0.09%
5	Kab. of Luwu Utara	383.69	2	479 043	0.08%
6	Kab. of Sekadau	243.96	1	390 077	0.06%
7	Kab. of Luwu	267.18	5	463 240	0.06%
8	Kab. of Singkil	143.06	4	298 347	0.05%
9	City of Probolinggo	179.30	5	455 036	0.04%
10	Kab. of Tulungagung	339.28	3	971 787	0.03%
11	Kab. of Bulukumba	138.32	4	539 769	0.03%
12	Kab. of Barru	107.28	2	482 102	0.02%
13	Kab. of Sambas	107.00	2	667 678	0.02%
14	Kab. of Jember	167.06	1	1 336 917	0.01%
15	Kab. of Simeulue	42.04	1	349 409	0.01%
16	Kab. of Probolinggo	51.55	3	786 525	0.01%
17	Kab. of Bondowoso	26.81	2	705 698	0.00%
18	Kab. of Bener Meriah	17.13	1	453 521	0.00%
19	City of Makassar	-	0	1 241 043	0.00%
20	Kab. of Southeast Aceh	-	0	385 990	0.00%

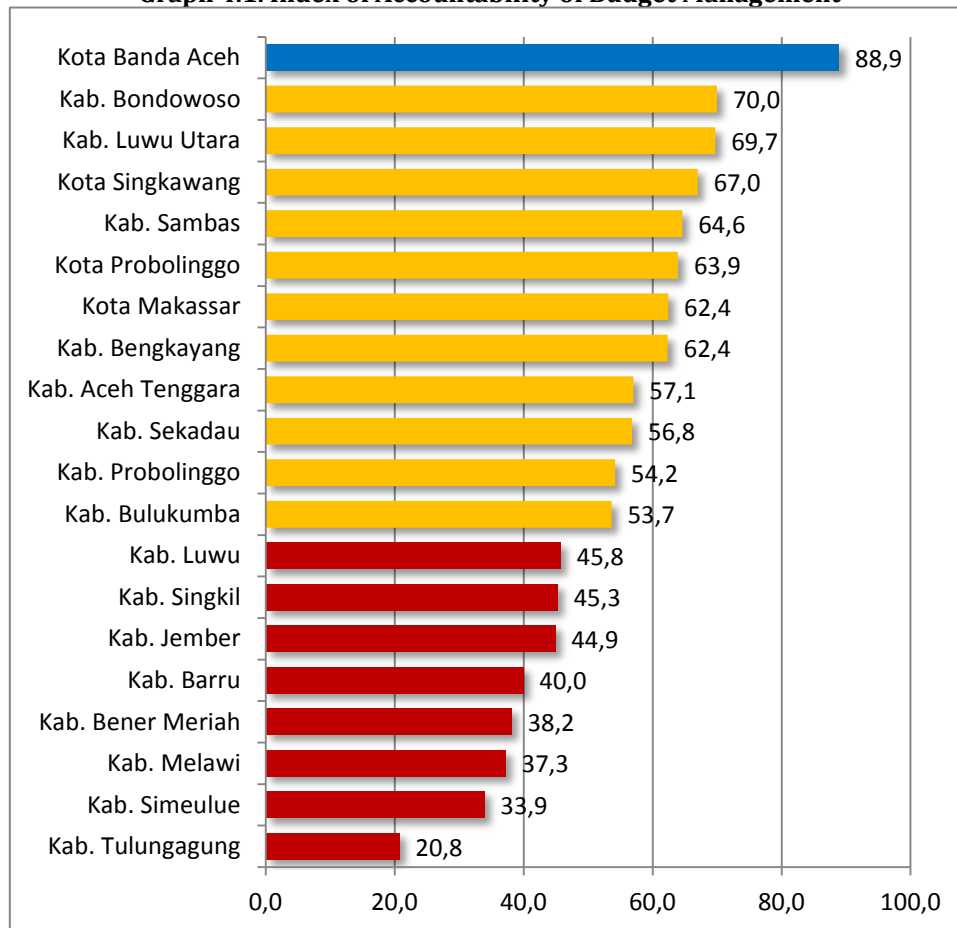
*Source: Summary of First Semester Audit Report (IKPS) of national Audit Board, 2010*

## **F. Index of Accountability of Budget Management**

*The city of Banda Aceh was once again most highly rated among governments studied, this time for accountability of budget management.* It was followed by Bondowoso (2<sup>nd</sup>) and North Luwu (3<sup>rd</sup>). Banda Aceh's top rating was due largely to its processes for supply of goods and services—entrusted to a special service supply unit (ULP) and effected via a tendering processes advertised on websites and completed online; its publication of a list of blacklisted companies; and its having in place annually revised standard prices for goods and services. It also scored well because of its observance of budgetary deadlines prescribed by law. As of the minor place getters, although North Luwu had better procedures for supply of goods and services than Bondowoso, it lost out on 2<sup>nd</sup> place because it did not match that performance in its submission and adoption of key budget documents.

*Regions with a poor level of budget accountability displayed similar characteristics under both indicators.* Thus, in the supply of goods and services, none of them had put ULPs in place or used online processes for completing tender procedures. As for timeliness of processing of budget documents, all the regions in question were at fault by being late (after September, in fact) in submitting budget documents—KUA-PPASs, draft APBDs and draft revised APBDs—to DPRDs. Indeed, in 3 regions first semester budget implementation reports were not submitted to DPRDs at all.

**Graph 4.1. Index of Accountability of Budget Management**



Category	Score
Very good level of accountability	94.3 - 100
Good level of accountability	76 – 94.2
Adequate level of accountability	50.7 – 75.9
Poor level of accountability	0 – 50.6

## Chapter V

# Performance in Promoting Equality in Local Budget Management

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***As a principle of good governance, equality goes to the extent to which local government budgets are oriented towards women as a group.*** Local governments are required to actively involve women at every stage of their budgetary process and to observe the principle of equality by framing budgets incorporating gender-responsive policies. To help them achieve this, local governments are expected to put in place a number of gender-mainstreaming institutional arrangements: gender mainstreaming working groups (Pokja PUG for short), gender mainstreaming (PUG) focal points and gender-responsive budget teams (Tim ARGs for short)

***Formal provisions in Indonesian law on equality in budget management are as follows:***

1. Presidential Instruction (Inpres) No. 9/2002 concerning Gender Mainstreaming in National Development;
2. Regulation of the Minister for Home Affairs No. 15/2008 on General Guidelines for the Implementation of Gender Mainstreaming in Regions.
3. Joint Circular Letter (SEB) of the Ministers for Finance, Home Affairs and National Development Planning concerning representation of womens groups in the implementation of development planning in villages, kecamatans (sub-districts) and kabupaten/cities.

***Performance in gender equality in budget management was measured by the following:*** 1) the availability of institutional mechanisms for womens' participation; 2) the extent to which women were represented in government; 3) budget management policies; and 4) the extent of institutionalization of gender mainstreaming.

***The participative mechanisms indicator in this study was designed to measure the extent to which local governments had taken initiatives to establish mechanisms specifically designed to facilitate womens' participation.*** Such mechanisms were over and above planning conference (musrenbang) mechanisms referred in the ministerial letter mentioned above. The indicator was based on the premise that minimal mechanisms for womens' participation directly results in minimal levels of actual participation by women.

***Womens' representation in government refers not only to executive wings of local governments but also to legislatures (DPRDs).*** Thus the study looked at both how many women headed up local government departments (SKPDs) and how many had been elected to DPRDs. The main purpose of this indicator was to assess the extent to which women had the opportunity to occupy strategic budgetary positions: the hope being that greater representation of women in strategic positions will both accelerate gender mainstreaming and create budget policies that are more gender-responsive.

***To measure gender-responsiveness of budget policies, researchers did not do an in-depth study of programs, activities or budget appropriations.*** Rather, an assessment was made of the composition of strategic plans (renstra) and budget and work plans (RKA) in two policy areas regarded as being of most benefit to women—education and health. As Inpres No. 9/2000 and Home Affairs Ministerial regulation No. 15/2008 stipulate, efforts to achieve

gender mainstreaming in regional budget policies need to be based on gender analyses.<sup>10</sup> Also, local departments' RKAs should be drawn up on the basis of disaggregated data<sup>11</sup> on men and women. This indicator also indirectly measured the extent to which government were observing existing gender mainstreaming guidelines.

***Home Affairs Ministerial Regulation No. 15/2008 obligates each regional government to establish a Pokja PUG (gender mainstreaming working group)***<sup>12</sup>. Once such working groups are in place, governments should use them to set up gender mainstreaming (PUG) focal points and Tim ARGs (gender-responsive budget teams). These three institutional arrangements have a similar purpose: the production of gender-responsive regional budget policies. But they differ in terms of their placement within the bureaucracy. Pokja PUGs should be established at kabupaten/city level by local HoG regulation; they should be chaired by heads of local development planning agencies (Bappedas) and should have leaders of all local government departments (SKPDs) and agencies as members. By contrast "PUG focal points" should be set up, with help from Pokja PUGs, in each SKPD or other local agency by decision of the SKPD/agency head concerned. Gender-responsive budget teams (Tim ARG) are technical groups set up by Pokja PUGs to do analyses of local budget allocation policies. Other functions of Pokja PUGs are to produce regional gender profiles and draw up annual action plans on gender mainstreaming. This KiPAD study also looked at the effectiveness of Pokja PUGs and the extent to which they received funding support.

#### **A. Women-specific Participative Mechanisms**

***Four of the regions studied—the cities of Makassar, Singkawang and Banda Aceh, and the kabupaten of Bener Meriah—had established special consultative mechanisms for women over and above planning conference (musrenbang) mechanisms.*** In Banda Aceh and Bener Meriah the mechanisms had been set up by local HoG regulations; in the other two places no regulatory framework was yet in place. In other regions, local government took the view that womens' consultative mechanisms—namely musrenbang—were the same as for the community as a whole. After all, the joint ministerial letter on the musrenbang process specified that women should be one of the groups involved in that process.

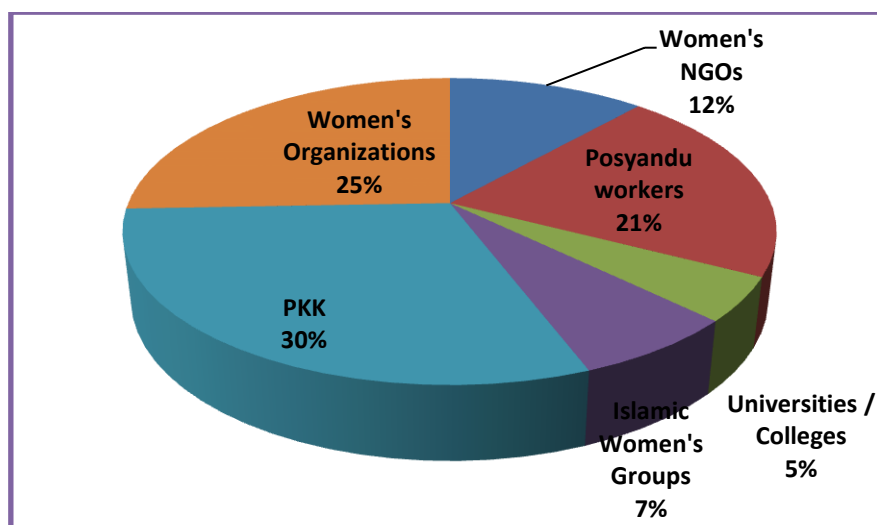
***The womens' organizations most frequently involved in musrenbang processes were family welfare empowerment groups (known as PKKs).*** PKKs are usually chaired by the wife of a bupati/mayor—only for as long as he/she remains in office—and draw their membership from women from village level administrative units (termed RTs and RWs) right up to kabupatens/cities. Although our study showed that PKKs were the principal mode of women's participation in musrenbang, other women's groups—especially women involved with village integrated health stations (posyandu)—were also often involved (graph 5.1).

<sup>10</sup> See Sections 1.4 and 5 of Home Affairs Ministerial Regulation No. 15/2008. Gender analyses aim to identify and understand the division of work and roles between men and women; their access to control over development resources; their participation in development processes; the benefits of development they each enjoy; and the uneven relationship that exists between them in implementation of development because of other factors such as social status, race and tribal background. These analyses should be carried out by local government departments (SKPDs) on their own or with the help of institutes of higher learning or others in a position to help.

<sup>11</sup> That is, data on beneficiaries of development broken up by gender group. Such disaggregated data is essential for ensuring that the benefits of development are enjoyed evenly and equally by both men and women. It also serves as a point of reference for gender-based analyses.

<sup>12</sup> See *ibid* Section: Pokja PUGs serve as consultative mechanisms for people from local government institutions and agencies who are involved in gender mainstreaming activities.

Graph 5.1. Women's Groups Share of Participation in Musrenbang



## B. Representation of Women in Government

*With the sole exception of the city of Probolinggo women made up less than 30% of the membership of DPRD in regions studied.* In Probolinggo the percentage of female DPRD members ranged between 20% and 30%; in other areas it was between 10% and 20%; and in 10 DPRD the percentage was less than 10%.

*In general across the regions studied, less than 10% of all heads of local government departments (SKPDs) were women:* in East Java the figure was less than 10%; in the other three provinces only a few regions had a number higher than 10%: namely the city of Banda Aceh (Aceh province), the kabupaten of Sambas (West Kalimantan) and the kabupaten of Bulukumba and North Luwu (South Sulawesi). The last two mentioned had the same level of women's representation in their executives and in their DPRD (Table 5.1).

Table 5.1. Representation of Women in Government

Province	Region	Women Heads of SKPDs				Women DPRD Members			
		> 30 %	Between 20% - 30 %	Between 10% - 19,9 %	< 10 %	> 30 %	Between 20% - 30 %	Between 10% - 19,9 %	< 10 %
South Sulawesi	Kab. of Melawi				V			V	
	City of Banda Aceh				V				V
	Kab. of Bengkayang			V				V	
	City of Singkawang			V					V
	Kab. of Luwu Utara				V			V	
East Java	Kab. of Sekadau				V				V
	Kab. of Luwu				V			V	
	Kab. of Singkil				V			V	
	City of Probolinggo				V		V		
	Kab. of Tulungagung				V				V
West	Kab. of Bulukumba				V				V
	Kab. of Barru			V				V	

Kalimantan	Kab. of Sambas				V				V
	Kab. of Jember				V				V
	Kab. of Simeulue				V				
Aceh	Kab. of Probolinggo		V						V
	Kab. of Bondowoso								V
	Kab. of Bener Meriah				V				V
	City of Makassar				V				V
	Kab. of Southeast Aceh				V				V
<b>Total</b>			<b>1</b>	<b>3</b>	<b>16</b>		<b>1</b>	<b>6</b>	<b>13</b>

### C. Institutionalization of Gender Mainstreaming and Budget Management Policies

*Institutionalization of gender mainstreaming had occurred in several of the regions studied:* the cities of Probolinggo and Banda Aceh, and the kabupaten of Sambas had set up all three of the required administrative mechanisms—Pokja PUGs, PUG focal points and Tim ARGs (graph 5.2). Of the other regions, 7 had established Pokja PUGs, 5 had PUG focal points in place and just 4 had formed Tim ARGs. Only Banda Aceh had met the legal requirement to establish PUG focal points in all its local work units (SKPDs); in the case of other regions the establishment of focal points was uneven: the kabupaten of Probolinggo, Sambas and Bengkayang had PUG focal points in less than half of their SKPDs while the city of Probolinggo had focal points in only half of its SKPDs

**Table 5.2 Institutionalization of Gender Mainstreaming (PUG) and Budget Management Policies\***

Province	Region	Institutionalization of PUG			Use of Gender-based Analyses in Work Plans of SKPDs		Use of Disaggregated Data in Budget and Work Plans of SKPDs	
		Pokja PUG	Focal Points	Tim ARG	Education	Health	Education	Health
South Sulawesi	Kab. of Bulukumba	V						
East Java	Kab. of Bondowoso	V						
	Kab. of Probolinggo	V	V					
	City of Probolinggo	V	V	V				
West Kalimantan	City of Singkawang				V		V	V
	Kab. of Sambas	V	V	V			V	
	Kab. of Bengkayang		V	V		V		V
Aceh	City of Banda Aceh	V	V	V	V	V		
	Kab. of Southeast Aceh	V						
	Kab. of Simeulue						V	
<b>Total</b>		<b>7</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>

\* Regions not included in this table have so far not institutionalized gender mainstreaming and have so far not made use of gender-based analyses or disaggregated data.

*Gender-based analyses and disaggregated data were found to be not widely used by the regions studied.* Three regions had made use of gender-based analyses: the cities of Singkawang and Banda Aceh (in framing work plans for their education departments (SKPDs)) and Banda Aceh and the kabupaten of Bengkayang (for development of work plans for their health SKPDs). Just four regions

had made use of disaggregated data: Singkawang and the kabupatens of Sambas and Simeulue (in drawing up budget and work plans (RKAs) for education SKPDs); and Singkawang and Bengkayang (in framing RKAs for their health SKPDs). The small number of regions covered by this indicator resulted from the unavailability of documents or researchers' inability to access them.

***Not one single region in either South Sulawesi or East Java had made use of gender-based analyses or disaggregated data.*** Nonetheless, several of the regions studied in these two provinces—namely the kabupatens of Bulukumba, Bondowoso and Probolinggo, and the city of Probolinggo—had put in place gender mainstreaming-related institutional mechanisms.

Institutionalization of gender mainstreaming (PUG) did not bring with it gender-based analyses or the use of disaggregated data by SKPDs responsible for education and health. Thus 5 regions that had institutional arrangements for PUG had not made use of gender-based analyses or disaggregated data to formulate budget policies. This finding indicates that the mere existence of PUG-related institutional mechanisms is not of itself sufficient to create gender-responsive regional budget policies.

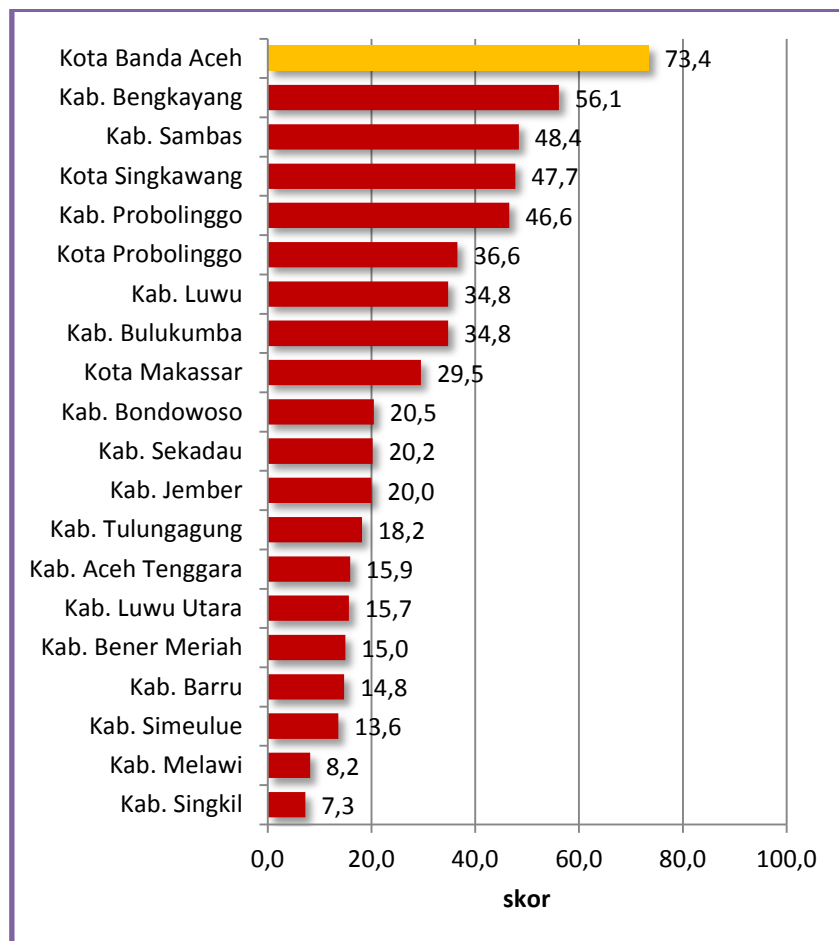
***Only 4 of the 7 regions with Pokja PUGs in place—namely the kabupatens of Bondowoso and Sambas and the cities of Probolinggo and Banda Aceh—had drawn up PUG work plans and had obtained funding for their operations.*** The other three had neither work plans nor funding. Of course, this is a very concerning situation, given that the reason for setting up gender mainstreaming mechanisms is to enhance the quality of regional budgets in terms of their gender-responsiveness so that inequalities between men and women can be reduced.

#### **D. Index of Performance in Observance of Principle of Equality in Budget Management**

***Following its top rankings in this study's indices for participation and accountability, the city of Banda Aceh is once again ranked first under this heading: observance of the principle of equality in budget management.*** In 2<sup>nd</sup> and 3<sup>rd</sup> places were two regions in West Kalimantan: the kabupatens of Bengkayang and Sambas (graph 5.2). Banda Aceh was a clear winner under all four indicators, leaving a big gap between it and the second place getter. Banda Aceh had women-specific participation mechanisms in place; it had higher levels of representation of women in government than other regions; and it had already put in place gender mainstreaming institutional mechanisms.

***Bengkayang scored better than Sambas for the number of budget documents framed using a gender mainstreaming approach.*** These two regions were on a par in terms of participatory mechanisms and representation of women in government. But Bengkayang had more budget documents than Sambas that had been framed on the basis of gender mainstreaming principles. The city of Singkawang stood out because of its provision of women-specific participation mechanisms, but it performed badly under other equality-related indicators.



**Graph 5.2 Index of Observance of Equality in Budget Management**

Category	Score
Very good level of gender-responsiveness	89.4 - 100
Good level of gender-responsiveness	71.4 – 89.3
Adequate level of gender-responsiveness	57.2 – 71.3
Poor level of gender-responsiveness	0 – 57.1

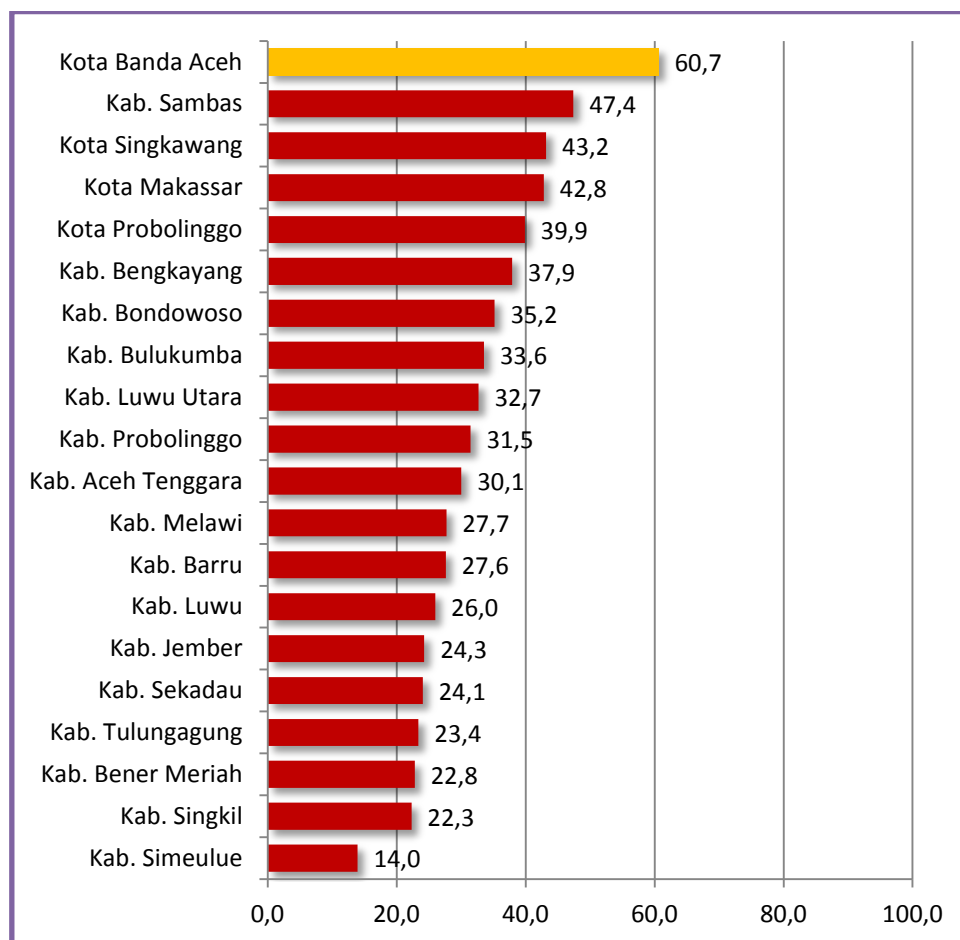


## Chapter VI

# Performance in Local Budget Management across Regions Studied

*After averaging the scores received by each region surveyed in this study, the number one ranking in the overall local budget management (KiPAD) index goes to the city of Banda Aceh, followed by the kabupaten of Sambas (2<sup>nd</sup>), the city of Singkawang (3<sup>rd</sup>), the city of Makassar (4<sup>th</sup>) and the city of Probolinggo (5<sup>th</sup>) (graph 6.1).*

**Graph 6.1 Local Budget Management Performance (KiPAD) Index**



Category	Score
Very good level of performance	85.9 - 100
Good level of performance	69.6 – 85.8
Adequate level of performance	52.4 – 69.5
Poor level of performance	0 – 52.3

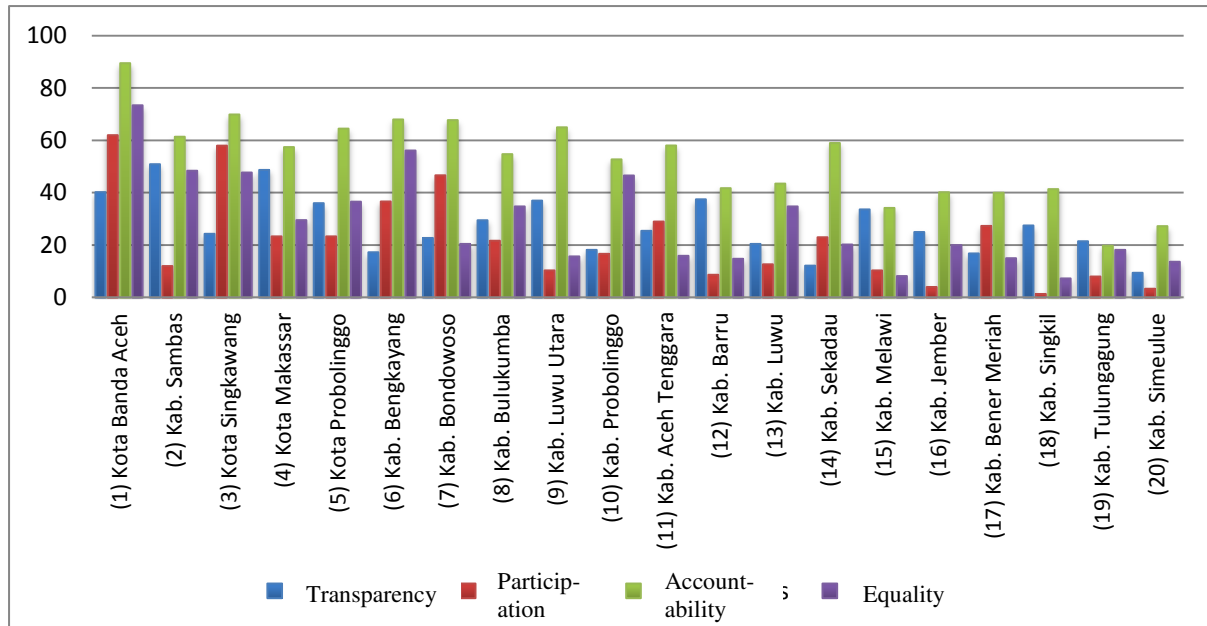
*Banda Aceh's top ranking in the overall index of local budget management could have been predicted given its ranking in three of the other indices (participation, accountability and equality)*

*in which it consistently ran first, leaving the other 19 behind.* With an overall score of 60.7% its top ranking for local budget performance is warranted.

*Nevertheless, according to us, Banda Aceh's scores are far from perfect.* That is to say that Banda Aceh is still a long way from achieving a very good level of performance in terms of integrating principles of good governance into budget management processes based on KiPAD principles.

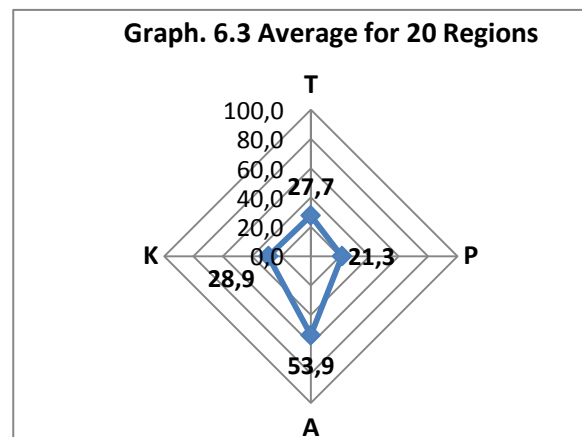
*It is also evident from graph 6.1 that city governments surveyed as part of this study have ended up in a cluster in the top five spots.* The only kabupaten that could vie with them was Sambas: it took second spot ahead of the cities of Singkawang, Makassar and Probolinggo. Sambas did particularly well under the headings of transparency (ranked 1<sup>st</sup>) and equality (ranked 3<sup>rd</sup>).

**Graph 6.2 Strong Points and Weaknesses, by Region**

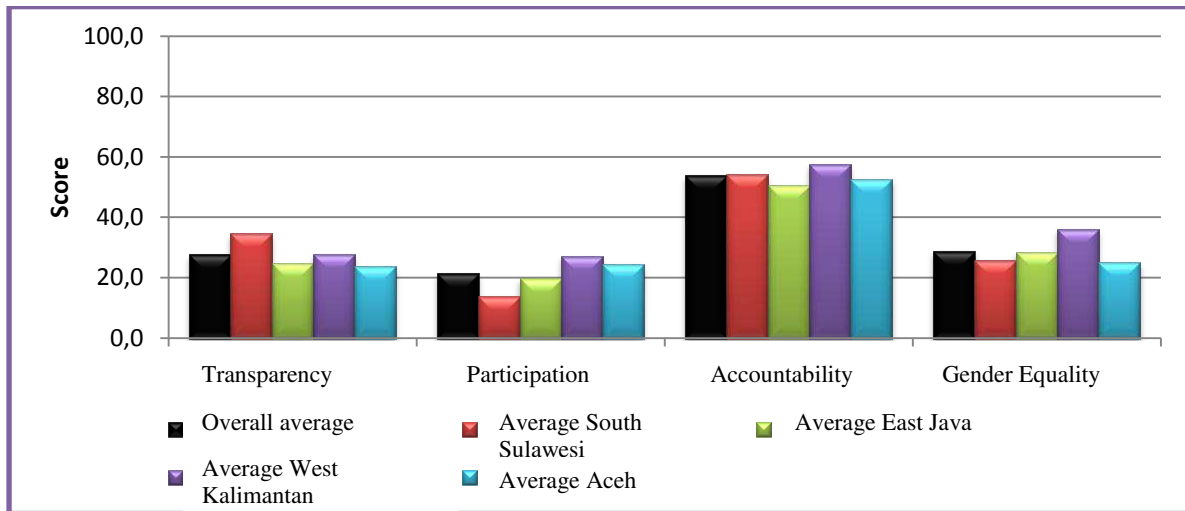


*Graph 6.2 shows that scoring for accountability was, in every case, higher than for transparency, participation and equality.* Indeed the average performance in accountability was almost twice as high as performances under the other headings (graph 6.3). The average score for accountability across all 20 regions was 53.9%; for transparency 27.7%; for participation 21.9% and for equality 28.9%.

**Graph. 6.3 Average for 20 Regions**



*Average scores for participation, accountability and equality in regions studied in the province of West Kalimantan were higher than the average of all 20 regions (graph 6.4).* Regions in South Sulawesi stood out for transparency but scored less well for participation. In the province of Aceh, the average of the regions studied under each heading approximated the overall average of the 20 regions studied, though in Aceh scores for participation were higher than the overall average. As for regions surveyed in the province of East Java, their performance under each heading was below the overall average.

**Graph 6.4 Comparison of Averages by Province and Overall average for 20 Regions Studied**

# Chapter VII

## Recommendations

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In light of the findings of KiPAD 2011, the following recommendations are made:

### For Local Governments (Kabupatens and Cities)

- Local governments should immediately put in place the wherewithal necessary for the effective provision of freedom of information services, in particular:
  - ✘ Production of lists of information that may and may not be released to the public, bearing in mind provisions of a Public Information Commission's circular letter stating that budget & work plans (RKAs) and budget implementation check lists (DPAs) are documents which should be made available to the public;
  - ✘ Putting in place freedom of information offices (PPIDs) and standard operating procedures (SOPs) in order to facilitate public access to budgetary information, thereby making bureaucratic red tape a thing of the past.
- Local government will, it is hoped, put in place mechanisms enabling the public to participate in and provide inputs for budgetary processes over and above mechanisms used in development planning conferences (musrenbang). Forums need to be established—for example, public consultation forums or public hearings that allow the public to be involved in the discussion and accountability phases of budget cycles
- Local governments should be courageous enough to provide guarantees to the general public in the form of indicative funding levels (PIKs), thereby enabling people to decide upon programs and activities that accord with their needs. An added bonus of PIKs is that they will give greater legitimacy to local governments in the eyes of the community.
- Local governments should make available disaggregated sectoral data—especially for education and health—to facilitate gender-based analyses to speed up the gender mainstreaming of local government budgets.

### For Civil Society Groups

- To foster more forthcoming freedom of information (FoI) services, civil society groups should more actively seek to obtain budgetary information from local governments.
- Advocacy work should not only focus on public participation in development planning conferences (musrenbang), but should focus on developing mechanisms for participation in the discussion and accountability phases of budgetary cycles.
- Civil society groups concentrating on budget advocacy should collaborate with gender equality activists to accelerate the process of gender mainstreaming in local budgets.